

# LATIN AMERICAN REPORT



JANUARY 1957

50c

**ARGENTINA:** After twelve years of Perónism, Aramburu strives for return to normalcy.

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REPORT  
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# OPPORTUNITIES FOR INVESTMENT

## Auto Parts ...

## Bus and Truck Dealer ...

## Monthly News Publication ...

(Publication of offerings does not necessarily constitute either endorsement or recommendation by the publishers. Available additional details may be obtained by writing to the Director, Investment Proposals, Latin-American Reports, Inc., P. O. Box 2567, New Orleans 16, Louisiana.)

has yet to be proved, but has been an operational business for 23 years. Mexican trend towards ever increasing mechanization offer a bright aspect to the firm's future. More and more buses, cars and trucks are being purchased every year by Mexican industry and individuals. Six full time traveling salesmen augment the regular volume of business with mass orders. Since this company deals with imported American parts and replacement accessories, 90 percent of the automotive market is open to them. This is the percentage of the market that utilizes U. S. products.

### Bus and Truck Dealer



**Proposal:** Invest expansion capital in Mexican bus and heavy transport dealer. Dealer imports International Harvester products for resale to burgeoning Mexican industry. Also handles locally produced equipment, manufactured by *Trailers de Monterrey*. Two repair and parts concerns are affiliated with this enterprise.

**Background:** Expanding industry in this area is providing an increased market for the type of heavy equipment that this company imports. The demand for heavy trucks can be expected to continue at an accelerated pace. Sales in a four-month trial period exceeded \$100,000. Dealer anticipates full repayment of investment in 24-months, with interest rates ranging from 6 to 9 percent depending on whether the return is in dollars or pesos. Chattel mortgages on imported equipment will be signed over to the investor as security.

References furnished by the company are excellent and indicate that it is a solid business.

**Outlook:** Market for type of products sold by this firm is developing along with Mexico's mushrooming economy. Establishment of new industrial installations, the opening of new areas, and further expansion of the country's highway system all point up increasing needs for truck transportation.

With an established dealership and the favorable results shown in the trial period, this appears to be an excellent opportunity for the investor seeking a short-term project.

### Monthly News Publication



**Proposal:** To publish in Mexico City a general interest consumer magazine for distribution throughout the hemisphere. Magazine would be monthly with half of space devoted to copy and half to pictures. All material would be originally written in Spanish—no translations—on subjects within the framework of Latin American life and culture.

Foreign capital investment \$20,000. Return of 10 percent per year during first years.

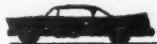
**Background:** Publisher selected Mexico City as an important center of culture and business, and because it is one of the lowest-cost cities in the hemisphere.

Experienced personnel are available and preliminary selections have been made for posts of editor and advertising sales manager. American technical assistance has been arranged for production and circulation of an international magazine.

Mexican paper and printing of good quality will be used. Subscription campaign will be pushed since Mexican second class postage rates are low and cover all of Latin America.

**Outlook:** Estimates of circulation are 30,000 at end of six months and 50,000 at the end of first year. Break even point is 25,000 net paid circulation combined with gross advertising sales of \$2000 per month. Space sales expected to reach this target on fourth issue. Expectation is to break even solely on basis of domestic Mexican market.

## MEXICO



### Auto Parts

**Proposal:** Owner of an old established auto accessory and parts business desires expansion capital to purchase land and erect building. To be included in the building are three separate areas: (1) An area devoted to manufacture of brake fluid, (2) Warehouse area to store parts, and (3) A retail outlet. Total of capital needed is \$32,000 which will be utilized in the following manner: \$12,000 for the purchase of 500 square meters of land; another \$12,000 for construction of the building and \$8,000 for promotion and advertising.

**Background:** This company, was established in 1933 as a partnership. The partnership was dissolved in 1936 and has continued under the same owner to the present date. At the outset, the company had a net worth of \$15,000, which has increased to the present total of \$73,499.05. The company distributes a complete line of U.S.—manufactured auto accessories and repair parts. Tax treatment of this company is non-preferential, but a factor to be kept in mind is that the Mexican tax rate is so much lower than the U. S. rate.

Repayment of the loan will be made over a five year period with monthly installments. Eight percent annual interest will be paid on the unpaid balance.

**Outlook:** Investment appears to be a sound one. This is not an idea which

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# LETTERS

## Politics

Dear Sir:

It was disconcerting . . . to realize that a magazine which I assumed to be solely factual and without political slant should give over twice as many words to the biography and statement of one political party member than the other. [LAR, November, 1956] In the publishing business that is not considered good business.

William N. Dailey  
Swarthmore, Pennsylvania

*Ed. Note:* We thoroughly agree with Reader Dailey, but we published the statements as we received them. We made no additions or deletions to either statement or biography. We cautioned the Senator whose material ran shorter than this was the case, but he didn't feel as strongly about it as Reader Dailey.

## Long Articles

Dear Sir:

I am an admirer of your magazine for the time being. I make that statement in all good faith because I would not like to see LAR go the way of some preceding "erudite" magazines. Your concentration on long interpretative articles with high sounding words will inevitably alienate the very market that you seek to reach. I'm for the shorter more human articles scattered through the long ones which are, of course, necessary. I'm not saying cut out the long ones, merely add

more interesting, short ones for the general reader.

J. A. Thompson  
Portland, Oregon

## Good Neighbors

Dear Sir:

Your treatment of subject matter, obviously objective and sincere, appears to be of a nature which will tend to augment feelings of understanding and neighborly common interest among your readers whom I assume are, or will be, people in all parts of the Americas engaged in Inter American affairs. . . . I believe your *Latin American Report* will succeed in presenting the needed scope and depth which the others (magazines) have failed to do. A salute to your publication and best wishes for the future.

Robert A. Neal  
New York

## Change of Heart

Dear Sir:

Last year I was the recipient of an unwanted gift subscription to *Latin American Report*. I almost decided to ask if I could get a refund instead of the subscription, but decided that I shouldn't because the possibility of offending my friend was greater than the few dollars were worth.

I won't ramble on with praise, but I will say that I have thoroughly enjoyed your magazine—and against my will at first. Just how much I have enjoyed the magazine can be seen by the fact that I enclose herewith my check for another year's subscription.

Galena Carr  
New York

next  
month:

**GUATEMALA'S  
PLANNED  
PROSPERITY**



## And Don't be Bashful

Dear reader:

On one of my more recent trips to South America I stopped in silence to take in the great scene of nature's beauty which spread out before me. There was a mountain, its peak covered with snow. Below was a placid lake. Along the sides of that mountain melted snow, turned to ice cold water, flowed downward. This was the water that made the lake.

It was a sight I will not soon forget. Nor do I want to forget. My only regret is that I can tell of the picture only in words.

It occurs to me that many another traveller has witnessed a similar scene but has been fortunate enough to capture it in camera. So beginning in the March edition, or April or whenever we have received sufficient photos we will start a new feature. Each month two prizes will be offered for the best photographs that we receive and publish. First prize will be \$25.00 and second prize will be \$15.00. Then, at the end of the year, depending upon the response that we get we will choose one of the pictures which has won a prize—and this one will be called picture of the year. An additional \$100.00 will be paid for this photograph. The contest is opened to all with but one restriction—subject matter must deal with the Americas—the Caribbean, Central or South America. For those who want the photographs returned it is suggested that a stamped, self-addressed envelope be enclosed. Send prints, not negatives—and the size should be no smaller than 4 inches by 5 inches.

When we began publication last March we hoped to bring cartoons once a month. Unfortunately we found that much was lost in the translation from Spanish to English. We do believe, however, that there are many young artists in the United States and in the other Americas who can offer us original cartoons—in the vein of the other Americas.

For this we will make a similar offer—\$25.00 for first prize cartoon each month and \$15.00 for second prize with an additional \$100.00 for the one selected as the best cartoon of the year. Captions that go with the cartoons preferably should be in English. We make this suggestion because of the problems involved in capturing through translation the feeling and the intent of the cartoonist.

Again we suggest that those who wish unused cartoons returned forward to us self-addressed envelope.

Address photo to "Photo Editor" Latin American Report magazine, International Trade Mart, New Orleans, La., U. S. A., and cartoons should be addressed to "Cartoon Editor" at the same address.

Sincerely yours.

*William G. Gaudet*

PUBLISHER

**THIS MONTH'S COVER:** Argentine sailor enjoys hierba mate. Color photograph courtesy of Pan American World Airways.

# LATIN AMERICAN REPORT

*Published monthly to record and  
interpret the changing history  
of our hemisphere.*

JANUARY 1957  
VOL. 1 NO. 9

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### PHOTOGRAPHS IN THIS ISSUE:

12-17, Pan American World Airways; 18-27, Hamilton Wright, Cuban Tourist Commission, Foto Estudios Pix Fernando Matiz; 28-33, American Institute for Foreign Trade; 34-37, Karsh of Ottawa, Robert Lackenbach; 38-43, Delta Line, Pan American World Airways, Charles Perry Weimer, Julio Giavinc; 44-47, Pan American World Airways, C. G. de Saavedra.

# Books

a look at the new

## Paraguay—A Riverside Nation

By George Pendle  
Royal Institute of  
International Affairs  
London & New York  
(English), 1954, 115 pages, \$3.00

## Bolivia—A Land Divided

By Harold Osborne  
Royal Institute of  
International Affairs  
London & New York  
(English), 1955, Second Edition,  
144 pages, \$3.00

Remote, land-locked Paraguay and Bolivia have seldom commanded much international attention. Bolivia is known primarily as an impoverished mining country. Paraguay has scarcely been known as little more than a source of hierba mate and as the country which waged a suicidal war in the 19th century against Brazil, Argentina and Uruguay. Today it has also become known as the first Latin American country to benefit from Point-Four aid. Through such technical and financial assistance Paraguay has been trying in recent times to exorcise the curse of its centuries—old isolation, while Bolivia has also been seeking to broaden the base of its economy. This has not been easy. George Pendle and Harold Osborne tell why in these concise but excellent studies of the two nations.

Geography tells the tragic story of both countries most graphically. Pendle sums up the problems of Paraguay very simply with the word "isolation." He explains how the remoteness of the nation has effectively cut it off from foreign influence and left it subject to domination by local demagogues; how its geographic situation has exposed it to political and economic pressures from all sides and led it into war two times (the author misleadingly says "often"); how at the same time its isolation has benefitted the nation by allowing it to develop a racial homogeneity unique in Latin America. The author recounts Paraguay's history (during half of the book) and describes its geography, people and institutions, and economy. This is an admirable survey by a first-

hand observer who was formerly the representative of the British Council in Paraguay.

An on-the-spot observer of Bolivia was Mr. Osborne when he was an official of the British Embassy in La Paz. He discusses in detail why Bolivia has remained so underdeveloped and what its chances are for success in fashioning itself into a new economic mold. Osborne's tone is an optimistic one. Though he feels the nationalistic *Movimiento Nacional Revolucionario* regime has often been too rash in pushing reforms, he observes that it has proved more serious and effective than generally anticipated when it strong-armed its way into the government in April, 1952. Where former administration talked and planned, the MNR has acted.

This book sets out to demonstrate the sharp contrast between Bolivia's natural wealth and actual poverty, suggests what has to be done, but explains existing impediments.

The biggest obstacle, he says, is the lack of transportation. This must be surmounted before anything else can be undertaken. Communications is a problem especially in areas most needy of development and where recovery could contribute most to the country's improvement. Bolivia is mostly dependent on the export of two minerals for earning foreign exchange. With this money it must finance the importation of almost all its necessities, things which could be produced domestically in the country's "promised land"—the vast Oriente. Osborne gives a most useful description of the history and potentialities of this little-known lowland area.

These very readable assessments of Paraguay and Bolivia are among the valuable series of books on Latin America published by the Royal Institute of International Affairs. Both the specialist and the lay reader will want to possess the whole series.

H. Leslie Robinson,  
Executive Secretary

Hispanic American Studies  
Stanford University

## Communist Infiltration of Guatemala

By J. D. Martz  
Vantage Press, New York  
(English), 1956, 125 pages, \$2.50

The author of this latest contribution to the literature on the Arévalo and Arbenz administrations in Guatemala fell victim to some of the unfortunate consequences of selecting source materials almost exclusively from newspapers and popular journals published in this country. Without reference to Latin American writings or even many documents available here, he unfortunately limits his perspective and occasionally, probably inadvertently, falsely reports events and the spirit of various policies. In short, he seems to assume a position of "right or wrong, my country."

What does the book fail to perceive? In the first place, that communism in Guatemala, like communism in underdeveloped nations elsewhere during the "Cold War" and even during the "New Look," drew its pattern of operations from Mao: to fight "feudalism," not capitalism; to avoid armed clashes; to elicit support, Marxian ideology notwithstanding, of the petty bourgeoisie as well as the national bourgeoisie whose business interests seemingly conflict with foreign interests. Accordingly, the book ignores the role of Guatemalan businessmen, the rationale of Communist Party policy toward the army, and the real nature of communist appeals to the peasantry on the matter of United Fruit Company properties.

In the second place, the book falls short of the realization that official United States policy on the whole question of communism in Latin America deserves appraisal in the light of both inter-American obligations and Latin American demands. Economic assistance is uppermost in *latino* policy *vis-à-vis* this nation, while the communist threat is foremost in American policy *vis-à-vis* its 20 sister republics. Admirers of the United States and bitter opponents of communism alike, whether the two are always one and the same or not, frequently have conceived that communist successes in Guatemala suggest that combining the two policies would serve better both approaches. Economic relations would go far to prevent the establishment of communism in the first place.

Other questions were left unanswered or improperly evaluated. What was the exact content of the military material received from Czechoslovakia? Where was Castillo Armas during the years 1950-1954, and what com-

mitments, if any, did he make to obtain arms, and from whom? Finally, let us be explicit where the author was not. The immediate downfall of Arbenz was brought about by neither United States intervention or, if you prefer, non-intervention, nor by the weak forces of the insurgents led by Castillo Armas. Arbenz entered the presidency and retained office with the support of the Guatemalan Army, and he resigned no sooner than when the Guatemalan Army first withdrew this indispensable support.

Frank R. Brandenburg  
Michigan State University

## Gringo Lawyer

By Thomas W. Palmer  
University of Florida Press,  
Gainesville  
(English), 1956, 176 pages, \$3.75

A very amusing collection of social anecdotes from the life of an American lawyer who lived in Latin America during its most interesting period of politico-industrial development, which he views from the perspective of a practising lawyer counseling, for the most part, American business operations in the area. The author, now retired, was rare as an American lawyer in that he not only learned Spanish, but made an effort to understand the ways and customs of the people in those countries where he lived and worked.

His recollections of the times and the people who made the headlines provide an interesting insight into the international business community of Latin America; the more so because it is personalized. But sadly, from the view-point of other "gringo lawyers" he fails to elaborate on some of the real legal problems with which he was confronted. A personal account of his legal experience in the Mexican oil expropriation matter would have been interesting and instructive to lawyers and general readers alike. Similarly, more details on the practical implementation of the legal design would have been very helpful for young lawyers who are seeking to enter the practice of international law.

On the other hand, the book evidently was not designed for law readership. For the general reader who has not been in Latin America, and for those who like to read anecdotes about the "greats" and "near-greats" it will be interesting reading.

Henry Newell

Attorney-at-law,  
New Orleans

January, 1957

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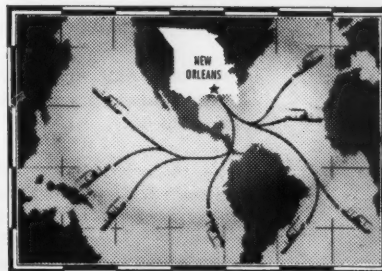
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**PORT OF  
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# WASHINGTON LETTER

January, 1957  
Washington, D. C.

## CRASH PROGRAM FOR BOLIVIAN ECONOMY

After months of effort, United States sold Bolivia on need for drastic action to stave off economic chaos. Agreed upon: severe belt tightening, much hard work. In Washington the process began with \$25,000,000 fund set up by International Monetary Fund, Treasury Department and International Cooperation Administration to stabilize Bolivia's currency, which early in December sank to fantastic level of 12,600 bolivianos to the dollar.

Simultaneously, Bolivian government in La Paz announced various measures designed to control inflation and restore international confidence in its economy. President Hernan Siles Suazo, who earlier had been granted broad powers by Congress to rule the nation's economy by decree for a year, introduced a free exchange market in which the boliviano's value will be determined by forces of supply and demand. All foreign exchange and import controls were abolished. At the same time, an austerity program was outlined which included stringent government economies, increased taxes, strict control of bank credit and expanded production.

Stabilization fund, \$7.5 million from Treasury, \$7.5 million from the Fund and \$10 million from ICA, will be operated to minimize exchange rate fluctuations arising from temporary or erratic influences, but not to resist fundamental changes dictated by market forces.

To expand production, United States began concentrating its aid program on tin mining equipment. Over the past three years the nationalized mines have run down as needed equipment was not replaced. Both Siles Suazo and ex-President Victor Paz Estenssoro have publicly admitted failure of nationalization measure. 1955 tin production was 27,640 long tons. 1952, the year of expropriation, produced 32,000, while 1948, the last year of normal production before nationalization began to threaten, hit 38,000.

Bolivian government moved to restore international credit by negotiating with Foreign Bondholders Protective Association an agreement to resume payment on long-defaulted dollar bonds. Move is a prerequisite to obtaining World Bank loans.

United States officials are confident the cure will work, if Bolivia sticks to austerity program. Current high tin price adds to official confidence. They think increased tin production is the short-term answer to Bolivia's problem. For the long pull, they hope nation can attract private capital to develop other mineral resources, including potentially rich oil resources.

\*\*\*\*\*

## INTERNATIONAL COFFEE AGREEMENT BLUE-PRINTED

A group of Washington economists working for the Pan American Union have drafted a text for an international coffee agreement hailed by diplomats as best such effort to date.

Agreement would fix coffee prices to help stabilize foreign exchange earnings, national incomes and standards of living in coffee producing countries. In essence, document combines quota mechanisms of sugar agreement with buffer-stock arrangements of international tin agreement. Economists say it can work with participation of both consumers and producers or by the producers alone. United States, by far the world's biggest consumer, is firmly opposed to any agreement.



## Washington Letter

Although agreement has not been made public, Latin American Report learned that it provides for minimum and maximum prices, export quotas and buffer stocks. No proposals were made by the economists on price levels. In a report the group, headed by Washington economic consultant Jerome Jacobson, said:

"The draft assumes that it would be the agreed objective of participating countries to set minimum prices at a level that would permit as much trade... as possible but not at the expense of a serious decline in the foreign exchange earnings of exporting countries. Similarly the maximum price would be set at a level agreed to by member countries which would not impose undue or unfair burdens on importing countries."

Agreement would apply export quotas when supplies threaten to exceed demand. Excess supplies would be set aside in a buffer stock operated by an international coffee authority.

Buffer stock would be used to correct market when prices threaten to go below or above price ranges agreed upon. Existence of stock would also insure against surplus dumping by any one country.

Administration would be by an international coffee authority with a board of directors, executive committee, and secretariat headed by a manager with power to operate the buffer stock. All member nations would be represented on the board. Voting power would reflect countries' relative importance as producing or consuming nations.

Agreement would have to be negotiated by countries involved. Economists point out that current high coffee prices makes this a good time to begin negotiations.

\*\*\*\*\*

### WHEAT DEAL AIDS BRAZIL

United States' biggest neighbor, Brazil, got another economic boost at the year's end in form of agreement for sale of 1,800,000 tons of surplus wheat over the next three years. Payment will be in cruzeiros, repayable over a 40-year period at 3-1/2% interest. Cruzeiros will be used in Brazil for economic development. Deal will save Brazil more than \$120,000,000 in vitally needed dollars. Brazilian embassy officials said transaction would not affect Brazil's normal wheat purchases from Argentina and Uruguay. Annual consumption in Brazil is about 2,500,000 tons a year, of which Brazil raises 900,000 tons.

\*\*\*\*\*

### HEMISPHERIC COTTON JITTERS

Latin American cotton producing nations are increasingly jittery over accelerated sale of United States surplus cotton. They have not been seriously hurt yet, but fear results of continued heavy United States export program. By end of 1956, Commodity Credit Corporation had sold most of 6,700,000 bale stock. Early in January CCC took possession of another 6,000,000 bales. However, cataloguing new stocks will take several weeks, so they will not be available for export until early March.

Government officials believed in August they could sell no more than 5,000,000 tons. But a combination of low stocks abroad, Suez crisis and bargain price -- 25¢ a pound against the 33¢ support price -- made sales spurt.

Mexico, which markets its cotton between June and January, got rid of crop by reducing export duties and requiring that certain imports be paid for in cotton earnings. However, such other exporters as Brazil, Nicaragua and Peru, must still sell their crops. Peru will have no trouble because extra long staple Peruvian cotton does compete with American product. Brazil and Nicaragua are worried. United States feels fears are unfounded and that all producers will sell their cotton at a profit.

# People IN THE NEWS

**Old Mentor, New Role:** Another young political figure joined the cabinet of Guatemala's Carlos Castillo Armas with the appointment of *Jorge Skinner Klee* (pronounced clay) as foreign minister. Despite his comparative youth, 33-year-old Skinner Klee has built himself a reputation as one of Guatemala's top international lawyers, has enjoyed the confidence of Castillo Armas even before the revolt which toppled the communist-oriented Arbenz regime. After Castillo assumed the presidency, Skinner became one of his closest legal consultants, contributed greatly to the drafting of the new Guatemalan constitution. To his new post Lawyer Skinner brings extensive legal education at home and in the U.S. (UCLA and Northwestern), fluent command of English and a friendly attitude towards the United States. His predecessor, Ricardo Quiñones, has been mentioned as a candidate for the ambassadorship to the Vatican.



Guatemala's Skinner Klee

**Crossed Wires:** United States Representative *Emanuel Celler* (Dem.-N.Y.) cocked Mexican and American newsmen's ears—and eyebrows—when he switched from Hungary's ailments to President Eisenhower's at a press conference in Mexico. Pausing in Mexico City on the last leg of a Latin American tour, the junketing congressman dropped the matter of Hungary's refugees to discuss the "incapacity of the President" and the need for revising antiquated constitu-

tional provisions regarding succession. U. S. Embassy personnel glowed a bright pink and more than one newsmen huffed about the unannounced change in the topic of discussion.

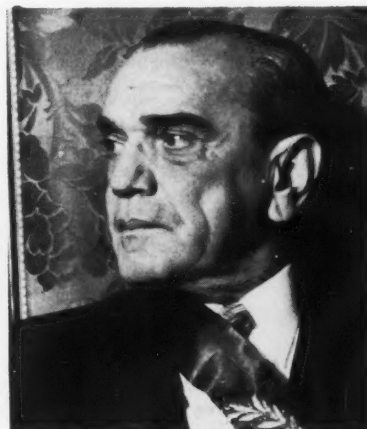
**Safe Again:** Durable and strong-handed, Chile's octogenarian president, *Carlos Ibáñez del Campo*, took on another parliamentary assault from the opposition in the Chamber of Deputies. Pointing at current political and economic unrest, a group of Radical deputies sounded off a long list of constitutional charges against the chief executive, accused him, among other things, of despotism, nepotism, infractions of the constitution and unnecessary ministerial rotation. In a lively debate, spooked by allusions to Ibáñez' one-time chumminess with ex-dictator Juan Perón, diametrical opinions were voiced, condemning the ex-army general (he endangered Chilean sovereignty) and eulogizing him (brilliant defender of Chilean sovereignty). But the Ibáñistas carried the final word. Their 48 nays defeated the 30 ayes in favor of the charges, and Carlos Ibáñez came out looking none the worse for his legalistic scuffling.



Chile's Ibáñez del Campo

**Bullets too:** As if home-grown problems weren't enough, Costa Rican President *José "Pepe" Figueres*, plagued by a roller coaster feud with jumpy neighbor Nicaragua, found himself the uncomfortable bullseye of an international assassination plot. Three captured Nicaraguans reportedly confessed crossing into Costa Rica

illegally with the intention of eliminating Figueres and his chosen successor for the presidency, *Francisco Orlich*. The would-be gunmen allegedly shrugged, "We're soldiers and do what we are ordered to do."



Mexico's Ruiz Cortines

**Rx Continued:** Mexican President *Adolfo Ruiz Cortines* started his fifth and next-to-last year in office with no fanfare. He devoted himself to what he has recommended to his nation: work. The austere, dedicated chief of state's principal concern has been for the Mexican farm family (over 60 percent of the population). At this two-thirds point in his presidential career signs are that his administration will achieve its objective of rehabilitating Mexican agriculture sufficiently to feed the blossoming country and at the same time hike up the farmer's lowly standard of living.

**"Domestic" Relations:** While papa made headlines of another sort, Fidel Castro Díaz, seven-year-old son of Cuban rebel leader *Fidel Castro*, was breaking into the news himself. In Mexico the youngster was reported kidnaped as part of a Cuban stratagem designed to stymie the invasion-uprising in Santiago de Cuba allegedly headed by the senior Castro. After preliminary investigation, however, Mexican police decided the boy's disappearance was innocent of international intrigue—was merely a case of custodial warfare between Castro and his former wife.

## TREK TO

A lone horseman stood in motionless silhouette on an abrupt cliff overlooking the valley below, his shadow lengthening in the lowering sun. Sitting with the relaxed grace of a man born to the saddle, there was nonetheless an air of tense watchfulness about him as he scanned the vast expanse before him. Systematically his gaze probed the whole valley . . . lingering for a moment at each clump of trees and underbrush or any other bit of cover that might offer concealment.

A flicker of movement in a stand of *ombú* trees caught his eyes, but it was only an *honero* busily building the oven-shaped mud nest to which he owes his name. He watched for a while as the bird completed his appointed task, painstakingly carrying mud from a little wash to place it with the exactness of a master mason. Each movement so sure, the results foregone. In a while, the nesting would follow. Then life would burst forth from the thin, brittle barrier that contained it. It would lie helpless and dependent, a prey to hostile forces for the while, until it could fare forth in the eternal process of pro-creation. Here was life in its most simple yet most complex form; the struggle for survival, the driving effort to perpetuate the species only because this is the immutable order of nature.

For the moment, the solitary horseman felt a strange kinship with the lowly oven-bird. Were not he and his people now on an epic journey to assure their own survival? Were they not responding to nature's demands as the result of the most irrational of all forces in the order of things—man's political intrigues . . .

\* \* \* \*

A tense uneasiness gripped the military encampment of the *Banda Orientalistas*. Fierce-faced gauchos drifted silently, almost aimlessly, into little groups around small cooking fires. They stared wordlessly into the flames or at each other. Only their fingers were busy honing to razor-sharpness long knives or lances whose swift sure thrust meant dismemberment and death. Some squatted, intent on fashioning *boleadores*—the dread, weighted leather sling-lasso which in their expert hands could bring a run-

# Ayui







*An audacious moment of courage . . . a calculated risk against overwhelming odds . . . a well turned phrase to inspire the struggle for freedom. These are the great moments of history. Here is the tale of such a moment*

ning steer or a man crashing to the ground with a broken neck. Still others pared off slivers of freshly-killed beef to chew in silence.

**SEEDS OF REVOLT.** For several days it had been so and they chafed restlessly under the bridle of inactivity. This was not their way, for the gaucho of the Banda Oriental—sometimes described half fearfully but with begrudging admiration as those fierce, wild creatures of the pampas whose “principal furniture is the skull of a horse, whose only food is raw beef and water . . . and whose chief amusement is to ride wild horses to death”—was far too primeval to sit in enforced idleness.

And these after all were not idle times but rather days of violent revolution.

The seeds of revolt against monarchical Europe which had been sown and harvested in North America and then France had now blown onto the fertile soil of Spanish America. Colonial-born Spaniards — Creoles — long fretful over the special political privileges held by the viceroys, captain-generals, and high-ranking clerics sent from Spain to govern them, and if anything, even more grieved over the special economic rights accorded these *peninsulares* or *chapetones* (“tenderfeet”) as they were contemptuously called—were eager enough to break ties with the venal and impotent court at Madrid.

Paradoxically the match was lit in some measure on behalf of the Spanish ruling house, not against it. Napoleon, pursuing his imperialist ambitions in Europe, unseated the Bourbon family in Spain, taking Charles IV and his son Ferdinand VII into custody. He then enthroned his own brother, Joseph Bonaparte. Thus when the Creoles of Caracas, Santiago and Buenos Aires rose in open revolt their act, if not their motive, was directed against Napoleon. These circumstances were persuasive to those Creoles still staunchly royalist; who sought to eject the burdensome *peninsulares* while still clinging to the

Crown at least as a buttress against anarchy. Yet like so many political machinations with mixed motives and uneasy compromises of ideals, the repercussions generated new ills as painful as the old.

Nowhere was this more apparent than in Buenos Aires. Here a *cabildo abierto*—a rump committee of townsmen—defiantly trumpeted its independence of Madrid and set up a provisional junta for the provinces of the Río de la Plata “governing for Ferdinand VII.” Yet despite this lip service allegiance to the legitimate Spanish crown, the junta spurned Viceroy Javier Elío, forcing him across the river to the military garrison at Montevideo. At the same time the junta sought to bring under its control the entire reaches of the Plata basin and Upper Peru—portions of which were at least nominally allied to the Spanish regency. With royal authority thus draining away rapidly, Elío elected a bold course—he declared war against Buenos Aires.

The reaction was instantaneous and violent, especially throughout the Banda Oriental. This great stretch of grassy plain that sweeps eastward from the Plata, inhabited then only by wild cattle and the equally wild gaucho, was the buffer zone against the territorial encroachments of the Portuguese empire builders from Brazil. In quick succession, the town of Mercedes fell to a band of 100 gauchos, then Soriano.

**HOPE FROM THE PAMPAS.** Fired by these successes the whole countryside erupted as gaucho and town-dweller, cutthroat and honest merchant hurried into the fight for liberation. Maldonado, San Carlos and Minas all rose to cast out royal authority, partially closing thus a land-vise around Montevideo. But yet militarily, not so really. Notwithstanding the eager popular acceptance of the revolution these were at best instant uprisings lacking central control and direction. Left to themselves under the remote leadership of the Buenos Aires junta, with whom they had no ties

beyond the immediate fellowship of these intoxicating initial successes, it is conceivable that Elío's better trained and equipped troops could have sallied forth from Montevideo and restored order in these towns one after the other. Still the question is of no moment. Authority and leadership came to blow these sparks into a great roaring flame that soon threatened to engulf the very environs of Montevideo; it came in the person of José Gervasio Artigas.

Bred to the pampas, reared in an era of violence and strife, Artigas was a product of the time but not a prey of it. Gaucho extraordinary, a daringly ingenious smuggler, and later, army officer of exceptional ability, Artigas left the service of Spain after a quarrel with his commanding officer. He was immediately welcomed into the ranks of the revolutionaries by the Buenos Aires junta. But it was the people of the Banda who greeted his return with wild enthusiasm, flocking to his guidon with the acclamation—*Jefe de los Orientales*.

At Paso del Rey, a complete rout of the royalist force . . . then Las Piedras, where the daring gauchos sustained cannon-fire from the defending troops and then knifed in to cut down the royalist standard, which laid the way clear to Montevideo.

For six long months the men of the Banda alongside forces of the Buenos Aires junta laid siege to Elío's garrison—the last stronghold of the Spanish regency in the Plata region. Day after day the attacking forces pounded at the crumbling defenses of Montevideo; heavy cannonade to soften the breastworks and devastating small arms fire to hold the defenders at bay. And always mounted gauchos standing by, ready to gallop and slash to ribbons any sortie that dare sally from the beleaguered city.

His garrison on the verge of collapse, Elío resorted to one last desperate measure: an urgent message to the Portuguese court in Rio de Janeiro begging assistance; a plea which found the willing ear of Carlota, Queen of



Portugal and sister of Spain's deposed King Ferdinand VII. The Portuguese mounted an invasion at once.

Already discouraged by the apparent failure of their prolonged siege, and sorely pressed to the north in Upper Perú where royalist forces had dealt the insurrectionists a crashing defeat at Huaqui, the Buenos Aires junta upon news of the Portuguese intervention elected to negotiate an armistice with Elío.

The terms: lifting the siege of Montevideo with complete retirement of Banda Oriental and the Junta troops; and recognition of the Spanish regency's authority throughout the Banda Oriental in return for withdrawal of the Portuguese.

**A MATTER OF POLITICS.** For days the negotiations followed with Artigas in bitter opposition. Clearly the terms left his people and their lands completely at the mercy of the marauding Portuguese, whose withdrawal was problematical at best. Impatiently the men of the Banda waited during the cease-fire. The overriding political complexities that had been set in motion by Elío's intrigues with the Portuguese court were of little importance to them. Their way was not talk but action . . . talk was for the city man, for whom they had only a pitying disdain. Of politics they knew little, but of fighting — much. And any good fighting man could see that one good wholesale charge would sweep the defending royalists right out from behind their puny fortifications into the Plata.

But that moment was not at hand; their way was not to prevail. Instead the armistice was signed. The Banda Oriental was sacrificed to expediency, a bone to be gnawed at and chewed over by vengeful Spanish royalists and land-hungry Portuguese.

Yet this moment of abysmal defeat, the more galling since it was not of their own making, became a turning point in history. Refusing to leave his people as prey, Artigas conceived a plan of immense magnitude—the complete withdrawal not only of his troops but of a vast segment of the entire population . . . withdrawal from all areas of hostility to seek safety in the remoteness of the northern Argentine hinterland.

And so the call went out from the great *caudillo* to his various lieutenants, and to the heads of families, and to followers everywhere. A call to pack up what they could carry in carts, or on horses, or on their backs and join the great exodus from the Banda Oriental.

They came in response to that call, these people of the Banda; they came to follow the destiny of Artigas, and their own. First hundreds and then thousands to swell the ever-growing column as it crept slowly northward.

**FROM HARDSHIP: UNITY.** This was not a military rout march but the emigration of a people . . . gauchos, townsmen, villagers, farmers, traders . . . men, women, and children . . . some in carts, others mounted, and some afoot. Thirteen thousand in all joined this great trek along with three

thousand soldiers and four hundred faithful Charrúa Indians armed with *bolas* and lances. With them also came herds of cattle and horses. Days passed into weeks and then into months, and still they inched forward along primitive dirt roads, snaking across the great rolling plains toward Salto and the River Uruguay.

Each day a mark of endurance, and many times a test of courage. And death rode with them too, thinning the ranks of those who would not, or could not measure up. . . .

\* \* \* \*

. . . the lone horseman stirred slightly with the sight of the inevitable dust column rising just beyond the horizon, quickening perhaps a little with the realization that the goal was in sight. The Uruguay had been bridged. The long trek to Ayuí was nearly over. Yet in a way it might be said that this was only the halfway point . . . there was yet the road back.

There was a campaign to be planned. Swift, slashing attacks against the Portuguese invader and royalist alike to make the land safe again for the peoples' return. But time enough for all that tomorrow . . . a tomorrow that could be awaited with confidence. For this was a people that lost land but gained instead a national identity, one that stands proud and secure to this day. We call it Uruguay.





# Buenos Aires:

## CONTINENTAL HUB



There is no other city in the whole of South America quite like the city of "Good Airs", capital of Argentina, gateway to the River Plate and probably the biggest commercial and social center in the southern hemisphere.

Compared to other Latin American capitals its most singular characteristic is that Mother Nature completely overlooked it, which prevents the usual ecstatic description. It has no "back-drop". It does not nestle anywhere, as between mountains, for instance. It just sits and suns itself on the banks

of the river—a tamed Scylla, rid of the white slavery, moral debauchery and thuggery which characterized it at the turn of the century.

On the other hand, Nature distributed her favors liberally over the million-odd square miles that makes up the rest of Argentina, providing a wide variety of more poetical sites for cities. But perhaps it was that the founders of Buenos Aires had more of an eye for convenience than for beauty of situation — convenience coupled with cupidity.

If the latter is the case, then *Don Pedro de Mendoza*, famed Spanish navigator of over 400 years ago is to blame, for it was he who founded and named the city in 1536. But *Don Pedro* was not the first Spaniard to view the future city's site. Several decades before, at the turn of the century, his compatriot *Juan Díaz de Solís* on a voyage of discovery saw what he called the "Mar Dulce" (Freshwater Sea). Later it was learned by *Sebastian Cabot*, another adventurous Spanish navigator, that this body of

water was really a river estuary. He promptly re-named it the *Río de la Plata* — Silver River — in anticipation of it becoming the water highway to a fabulous mountain of silver many days' journey upstream. At least that's what the Indians told him.

**FORTUNE THE GOAL.** The estuary soon became the rendezvous of eager Spanish adventurers questing after silver, though how much they got is questionable. The silver mountain was indeed a fact, but few expeditions ever succeeded in bringing appreciable quantities down to the sea. Between several hundred miles of trackless jungle and disease-spawning swamps which thinned the ranks of silver-questing venturers, and the fiercely hostile Indians which ranged the *Río de la Plata*, the death toll was high. Often one in ten was struck down either in ambush or by disease.

Silver was the moving force of the times, and turbulence its expression. Silver named the land Argentina . . . and founded the settlement Buenos Aires, a place which nearly perished in its infancy, burned out and razed by the insurgent conquistador *Domingo Martínez de Irala* in a moment of pique. Silver opened a new route—longer but safer—to the incredible mountain lode at Potosí, and in due course led to the re-founding of Buenos Aires in 1580.

The urbane Buenos Aires of today is a far cry from the brawling young settlement of yester-years; certainly not one so easily throttled as even the systematic pillaging and rendering of the Peronistas discovered. Sometimes called the Paris or London or New York of the pampas, in reality it is none of these. It is in fact Buenos Aires, a personality unto itself. Patentlly it is a large metropolis with an imposing skyline of steel and concrete bespeaking each contemporary period of modernity from the baroque of Victorian days to the unadorned monolithic slabs of today. An endless legion of tall, tall buildings marshalled alongside symmetrical streets and inviting fountains-squares with a sometime startling uniformity.

This is, not to say that there is a dismal overpowering monotony—either in the city or its people. The great flood of European immigrants during the late 1800's—Spaniards and Italians for the most part—leavened by British, French, German and American commercial interests all made a definable imprint on the growing city. Even more, they brought a certain 'know-how' and way of doing as well



*Along Buenos Aires' elegant avenues:  
global commerce and an imperiled economy*



as a resilient vitality which added meaningfully to the rich historical tapestry already filled in part by the fierce courage and indomitable independence of the gaucho and the aggressive determination of the conquistador. Yet notwithstanding these forces: the infusion of new blood, habits and other traditions, there are few definable traces recognizable in the city or its people. Instead all have been blended into a cosmopolitan melange that is peculiarly its own, and certainly like nowhere else in the world.

#### NATIONALISM BURNS BRIGHT.

Make no mistake about the present day Argentine (not Argentinian)—he is as nationalistic as they come these days. Talk to him about business—whether it be cattle ranching or grain farming on a grand scale, or importing and exporting, or merchandising—he wants to hear outside views and comparisons provided they don't disparage. Although the Argentine will admit readily that the foundation for today's economy was laid by foreigners—mostly British who built the railways, pioneered the cattle industry and established practically all the public utilities such as gas, water, telephones and trolleys—he believes himself quite capable now of handling his own affairs. If he makes a hash of it that's nobody's business but his own. Indeed, so strong is this national feeling that the Argentine would rather have homemade inefficiency than foreign perfection.

This flame of nationalism, fed so carefully by ex-dictator Perón, has become all prevailing and promises to be long-lived. But the Argentine doesn't thank Perón for it—just concedes the point. What he condemns Perón for with fervor is the financial chaos left in the wreck of the dictator's overthrow, and the impoverishment of Argentina's international prestige. Millions of dollars and pounds sterling squandered by the Perón clique; bullion and credit that could have put the nation on easy street for generations. Instead, today the Argentine has to send financial missions round the world consolidating debts and begging a loan wherever possible.

This is a sore point . . . certainly not a topic for idle conversation. In trade circles tight credit is manifest through government controls over various import lines. What few foreign goods are to be seen in the shops for sale usually are priced beyond the reach of most. However, a locally-made substitute often is available that compares favorably with foreign brands. Consumer goods such as refrigerators, washing machines, radio and TV sets, and many electrical ap-

pliances are manufactured successfully under U. S. or European patents, though prices are pegged to a higher level than in the United States.

The real rub lies with automobiles. Perón had boasted he would produce cars competitive with U. S. models, and in sufficient quantity to make a dent in the export market. A few prototypes were turned out onto the sales floor for propaganda purposes, but their poor quality and high subsidies made even the free-spending Perón regime abandon the project. Arrangements finally were struck with the Kaiser Corporation for the manufacture of trucks and jeeps, the two types of vehicles really needed for the country's agro-industrial recovery. Passenger cars are still imported but surcharged so heavily that the average Argentine would have to sign over his salary for ten years before becoming owner free and clear of even the most inexpensive.

In a measure this is the sign of the times in Argentina—but only for the present. The most resilient country in the world, Argentina is impossible to ruin. Given two or three years of favorable weather for crops and pasture, with a reasonably competent and honest government, and prosperity surges like magic.

" . . . A LITTLE EDGY." Aside from some sensitivity over his financial plight, the Argentine also is a little edgy on the question of politics. Twelve years of Perón's tyranny with sporadic revolts that died aborning have had the effect of making him jump if a door slams loud enough. Just recently the fishermen in the Boca district were honoring their patron saint in an annual fiesta. They let off so many firecrackers that newspaper office switchboards were jammed with phone calls asking whether a new revolution had broken out. It was necessary to reassure the city through frequent radio broadcasts that the noise was celebratory not revolutionary.

Incidentally, this part of the city was once the Bowery of Buenos Aires where policemen patrolled in nothing less than couples and where every imaginable form of vice was practised. Now a fisherman's and worker's district, the Boca contains some of the finest seafood restaurants in all of Buenos Aires, catering atmospherically to the tourist with sawdust on the floors and singing waiters.

There is no doubt that the hypercritical visitor to Buenos Aires can find much to condemn—not so much in terms of what's there but more in the sense of what's being done to provoke the supercilious comment "how backward". Certainly this is a poorly

calculated assessment; it is not that the Argentine doesn't know how, it is just that for the time being he does not have the wherewithal. Give him a few years and even the most progressive of countries elsewhere will have to look to their laurels. A lot of money is being invested in the education of Argentina's business and professional leaders of tomorrow abroad; training in practically every branch of industry and technical research, business administration and all of the social sciences from government and law to educational methodology. All that is needed now is time and money to undertake meaningful programs "nationally", i.e., they intend to do it themselves.

Time of course will take care of itself—it is the money side of the equation which presents the problem. For the foreign investor who is *muy simpático*, there is a willing, even generous, response. Furthermore, under the present administration the foreign investor justifiably can anticipate that government regulations on withdrawal of profits and capital—now couched in favorable terms—will be enforced.

**NO PAJAMA JACKETS.** But all of that is the sober side of a country and city working hard to regain international prestige and prosperity. Still Buenos Aires is in many ways a typical, fun-loving Latin city, and as such a joy to visit. A walk down famed *Calle Florida*—which is Fifth Avenue, Oxford Street, and the Rue de la Paix all rolled into one—is a kaleidoscopic panorama of every strata of Argentina from the richest swathed in the latest Parisian *haut couture* to the poorest decked in a miscellany that defies description. Time was when the pajama was worn more on the street than in the bedroom, but not now—at least not on *Calle Florida*.

Window-shopping on the upper end of the street is a favorite diversion. The promenader soon learns, however, that the trinket, scarf, shirt or what-have-you priced at five, fifty or a hundred pesos at the upper end of the street has its counterpart for perhaps half that at the lower end. Señora Moneybags does her shopping at the upper end, in the leisure of the afternoon stopping for tea about five o'clock in the best European tradition, and staying on for cocktails later. Of course now and then she ventures to the other end and nips in for a bargain, while the less affluent Señora Five 'n Ten sorties to the upper end of the street for a budget-buster.

Sandwiched in between the fashionable shops which offer the best that money can buy anywhere in the world are a goodly spattering of bars and





*After the bustle on famed Calle Florida . . .*

*. . . a cool drink at a sidewalk cafe.*





Shaded plazas for pigeons, little boys, and tired businessmen



From subways and underground parking, pedestrians emerge onto . . .

tea rooms—but no restaurants. About halfway down the street is one bar-cum-coffee house—The Richmond—formerly known as “the millionaire’s bar” because that was where the oligarchs gathered in the pre-Perón days to discuss business, affairs of state, and the latest boudoir morsel. It is reckoned that if one could have a peso for every million that changed hands over the Richmond’s coffee tables another fortune measured in millions would be massed.

Directly across is a gaping hole where once stood the internationally famed Jockey Club, which was burned out by Perón’s thugs and arsonists. It and the exclusive *Club de las Armas* were the two places that the onetime strongman and his wife were never able to penetrate. So he destroyed them both.

A little more than halfway along, *Florida* is crossed by *Avenida Corrientes* and *Calle Lavalle*. These are the gay streets of Buenos Aires that provide just about every fragment and facet of night life imaginable. There are dance halls, big boites and little boites (and not a few clip-joints) crowding one after another in a light-tinselled array with the eternally beckoning signs of the movie palaces. The traveler might well find the bill of fare in the latter, however, to be months if not years old.

**WITH DINNER—MUSIC!** The most famous of these many night spots is the *Tabaris*, once reputed to have the naughtiest show in South America.

But today it has become a “family” place where one can dine and see a good floor show at the same time for little more than the price of a meal in a class restaurant.

Luscious, two-inch steaks are what most *Norte Americanos* remember by way of cuisine in Buenos Aires. They are incomparably succulent, especially the “baby beef” variety. But then too there are a goodly number of local dishes that can pique the visitor’s palate. Try, for example, *Empanada*—a sort of meat pie with raisins, eggs and olives eaten with the fingers . . . or *chorizo*—a highly spiced sausage, and *paella* made with seafood and chicken. And most certainly one ought to try the national dish, *puchero*, made from either chicken or beef boiled with vegetables and potatoes. But if only steak will do, then at least try it “on horseback”—*bif a caballo*—or with two fried eggs.

Cutting across the foot of *Florida* is the *Avenida de Mayo* which has as its terminals the National Congress at one end—looking much like the U. S. Capitol—and the *Casa Rosada*, or Pink House, at the other. It was from a balcony at the *Casa Rosada*, which is the Executive Mansion, that Perón used to harrangue his *descamisados*, whipping them into the church-burning frenzies that shamed the twilight days of the Peronista era. The ruins of the Archbishopric are still visible. And just off the Plaza on the *Calle Defensa*, the ravages of fires set by Perón’s hooligans in the historic

Santo Domingo Church — which guards the trophies taken from the English invaders 150 years ago—serve as a grim reminder of the strongman’s demagoguery.

No expense has been spared in making Buenos Aires a truly beautiful city. There are a number of elegantly laid-out and landscaped gardens—the most renown of which is Palermo with its man-made lakes, extensive tropical flower beds and countless plazas. Open air ballet performances are given there during the summer months, and race meets are held year round at two of the world’s finest horse tracks.

There too is the Colón Opera Theater, reputed to be the largest in the world, which traditionally opens a gala season on May 25th with the President of the Republic and the Cabinet in attendance. And through the season there will appear internationally famed artists from the world of opera and the concert stage to present the great works of the ages—the masters old and new.

**A DISCREET PINCH . . .** Flanking the opera house is the American Club at *Calle Viamonte 1133*, where locally resident Americans gather to dine and relax. Guest cards usually are obtainable. The American community also has a Women’s Club and University Club to which visitors are welcome.

New arrivals of the fairer sex, particularly those with a trim figure, are sometimes startled by a local custom enthusiastically pursued by Buenos

Aires' male population—a whispered compliment and perhaps discreet pinch of a damsel who catches the male eye. The intent is not to offend but rather to pay a spontaneous compliment, albeit more demonstrably than is the wont of most Anglo-Saxons. However, the more circumspect lady visitor may well never be singled out by the roving male eye since the local señoritas have developed provocativeness to a fine art, and after all, the local ground rules favor their game.

Compliments forthcoming or not, to visit Buenos Aires is to promenade—for the whole city invites it. One can scarcely stroll in any direction in a matter of a few blocks without coming onto a cool, well-shaded plaza. Here are found the usual collection of nursemaids with their boisterous charges. But also businessmen resting for a moment under the trees, watching the play of a fountain. If he has a friend with him the topic of conversation more than likely is not business but rather politics or the current exchange rate of the day. The latter is a highly important matter these days for on it depends whether he will be able to put a current deal through with profit—or must cut his losses.

Politics, always dear to the heart of an Argentine, have only just recently become a matter of public discussion. Under Perón's enforced one-party system to mention any other was to invite financial ruin—since Perón was able to reach a businessman's bank

account, credit, and scope of operations—or even in some instances, would jail him. With the conversational lid off now, parties, policies, and personalities all get a scalding with license.

**FUTBOL & DIPLOMACY!** Next to politics—perhaps even before it—comes *el futbol*. Sunday finds half the male population—which for six days of the week is quite sane and circumspect—a yelling mass of fanatics jammed into a dozen sports stadiums throughout the city. Up to less than a decade ago games could virtually be measured in deaths by shooting or stabbing, as well as in goals. Even players were subjected to barrages of rocks and bottles, and referees were reckoned to be the poorest of insurance risks. Even now playing fields are surrounded by wire barricades to keep out irate spectators. Feelings are so intense that even diplomatic incidents have been caused by the odd goal between Argentina and Uruguay or Brazil or Chile. Indeed for years Uruguay didn't speak to Argentina because the *Orientales* were beaten on their own ground.

And the aftermath of Sunday's contest may well be heard on Monday. Chances are that any crowd gathered outside a newspaper office with pictures of yesterday's game on display is still quarterbacking. The timid are advised to detour widely because when an Argentine argues, and the subject is *futbol*, it sounds like war will break out any moment.

For those who would avoid *futbol* there is much else to do. A suburban

trainride or short drive by car brings the Tigre Delta within reach of any city dweller for yachting, rowing or just a pleasantly lazy afternoon by the river. Or for a long weekend there is Argentina's premier seaside resort, the *Mar del Plata* on the Atlantic coast only six hours away by train. Essentially a play town of luxurious villas, its latest proffering is an elegant hotel and casino which cost some five million dollars to build. And with a little checking of dates in advance—one might well land there in the midst of a film festival.

In the other direction are the hills of Córdoba, a range which breaks the seemingly endless sweep of the pampas. Altitudes vary from 1500 to 4500 feet, providing incomparable mountain scenery—all of which is readily accessible via some thousand miles of good motoring roads.

And surrounding it all the pampas, the great rolling pastoral plain that is as closely associated with the country as the Eiffel Tower is with Paris. Here from the fabulous *estancias* comes the great outpouring of national wealth; the volume of grain that earned for the nation the sobriquet "Granary of the World", and the endless flow of cattle and hides that meant beef on the tables of Europe and shoes on its feet.

It is the ever-quickenning flow of this great wealth—symbolic of Argentina's tremendous natural resources—that holds for the nation its future and assures for Buenos Aires its role as one of the world's busiest ports.

... the immense Plaza de la República



And through the port, an endless flow of commerce





From the perspective of developments in 1956 . . .

## WHAT LIES

# ahead!?

### MEXICO

**Industrial expansion . . .  
tourism gains spark  
burgeoning economy.**

**. . . Presidential aspirants  
will begin maneuvers . . .  
inflationary trend  
to be watched**



*In retrospect:* Continued expansion of the overall economy and a vigorous increase in tourism keynoted the year. New industries have opened their doors in many areas, and those already established have undertaken expansion programs in many instances. With it all, however, has appeared certain warning flashes of an inflationary tendency. Although 1956 represented the greatest production year in Mexico's history, marked increases in the cost of living index and the failure of wages to keep pace clouded the prosperity picture. But by and large, increased production and sales were the dominant characteristics of the economy.

On the political side, the year's close saw increased speculation as to who would succeed Ruiz Cortines in the upcoming 1958 election. Mexico's relations with the United States are very favorable at present. The prophets of doom and despair anticipated strain when the United States released its cotton surplus on the world market, on grounds that this would force major modifications in U.S.-Mexican trade patterns. Cotton prices strengthened, however, and protests against the United States move died aborning.

*Outlook:* Diversification of industry, increased agricultural production as a result of farmer training programs and new conservation techniques, and the continued upswing of tourism point to even further gains in the Mexican economy. The nascent danger of inflation, however, lurks menacingly; the signs already are apparent and corrective government measures will have to be undertaken to prevent its unhealthy flowering. Uncommitted gold and dollar reserves on hand at the year's end will have a salutary effect, as will continuance of the government policies restricting certain categories of imports to conserve dollars. In the overall, Mexico is a land of prosperity now learning to flex its economic muscles. 1957 promises more of the same, with, however, the question of inflationary tendencies to be considered.

### GUATEMALA

**Moderation keys recovery  
despite extremists.**

**. . . Tourism and oil  
point up future**



*In retrospect:* Determined adherence to a well conceived middle-of-the-road program for economic recovery and growth, despite pressures from both left and right political extremists, keyed the thinking of the Castillo Armas administration this past year. Student demonstrations of June 25, while not a test of strength, could have touched off a dangerous chain reaction; instead, resulted in greater popular support of the administration because of its firm, decisive handling of the problem. In great measure this reassured political observers that Castillo Armas was determined to implement his programmed social reforms and economic developments at all costs; would employ force if necessary, albeit he is not desirous of resorting to ironfisted tactics.

On the economic side, definite progress was witnessed. Government set the pace by enacting legislation designed to attract foreign investment capital, e.g., long range tax exemptions for new hotel construction as well as for industry. A real effort is underway to promote tourist traffic to the nation; new hotels with top accommodations at moderate prices, exploitation of natural attractions, etc. At the same time, initial industrial developments, e.g., cement aided by foreign money participation are encouraging. Discovery of oil and the granting of extensive exploration rights gives a little more impetus to the economic growth potential.

*Outlook:* With the closing of existent gaps on the Pan American Highway (particularly the link to Mexico) in immediate prospect, coupled with the construction of new hotels and motels, the way will be clear for the development of a flourishing tourist industry keyed to Guatemala's many natural attractions. The upcoming regional ASTA (American Society of Travel Agents) convention which will be hosted in Guatemala should provide an added impetus to 1957 programming.

On the industrial front, preliminary reports indicate the likelihood of important developments in oil. Favorable legislation along with a road-building program to open up the country points to increased activity in this field. Similarly, agricultural developments of some significance





*Ecuador: Nearing completion, the Quito-to-coast railway will open a vast area for agricultural development*

are in prospect. Government intends to deal directly with farm credit problems through an agricultural bank; and collaterally, to further implement a broad, land re-distribution program.

In the overall, Guatemala has taken important strides forward by blue-printing an extensive economic development program combined with social reforms. Its success will be contingent on continued political stability and confidence (both at home and abroad) in the Castillo Armas administration, in order to induce the flow of investment capital needed to galvanize plans into reality.

## **COSTA RICA**

**Presidential election maneuvers.**

**... High coffee price swells national treasury but economy needs shoring**



creasing focus on the political scene coupled with a querulous look at the nation's economy by the opposition, thus partially forecasting the upcoming national election in 1957. The electoral law prohibiting presidential self-succession prompted some shifting of allegiances within President José Figueres' National Liberation Party. His hand-picked candidate, Col. Francisco J. Orlich, prevailed as party nominee but runner-up Jorge Rossi Chavarria has led a splinter group off to split party ranks.

The economic side of the picture is paradoxical. On the one hand, a bumper coffee crop—the nation's principal revenue source—spelled out one of the best years in recent history for Costa Rica. Similarly, the discovery of high grade oil reserves augured well for an important supplemental revenue source. Yet the nation's annual budget was in serious imbalance and the national debt swelled ominously. Opposition elements contend that government spending on non-remunerative, big-scale projects (e.g., hydro-electric power plants in a nation whose power output already is adequate for industrial needs), and a top-heavy bureaucracy has dissipated revenues badly. Opposition also contends that sharp increase in indirect taxation scales, particularly on consumer goods imports (inclusive of basic foodstuff staples such as rice, sugar, and beans), has raised the cost-of-living index significantly, and indirectly is forcing greater unemployment as small factories shut down through inability to meet taxes. Notwithstanding this interpretation by the opposition, the *colon* is stable (6.65 to 1 U.S.), and bank deposits still were on the increase at

*In retrospect:* Pre-election year maneuvering came into in-

the year's close. Oil developments loomed as a prospect, and high-grade bauxite deposits looked promising.

**Outlook:** Continued politicking with increasing vociferousness should be anticipated. The opposition (*Movimiento Democrático Opositorista*) meets in party convention January 20 to select one of its six aspirants for the presidential nomination; if accomplished harmoniously will apparently be in a strong contending position in view of the administration party's present split. The latter, however, might well heal in the face of opposition strength. Political stability seems assured providing the election outcome

represents a popular mandate in fact, and is not achieved through fraudulent action at the polls. An administration victory would mean continuation of Figueres policies now underway, i.e., greater socialization notwithstanding financial strains; an opposition victory would possibly mean a vigorous retrenchment, i.e., severe paring down of government bureaucracy, reduction of government spending, and de-nationalization of the banks. Meanwhile, coffee crop prospects look very good; further oil developments and efforts to exploit bauxite would mean needed dollars pumped into the economic lifestream.

## NICARAGUA

**Somoza assassination.**

**... Continued stability questionable**



**In retrospect:** The death of President Anastasio "Tacho" Somoza by assassination overshadowed political developments of the year. Internal chaos was averted immediately by his two sons, Luis and "Tachito," stepping into the breach, the former as president and the latter as head of the Army, thereby throwing the full weight of a well-equipped, loyal military establishment behind continued control of the nation's affairs by the Somoza family.

**Outlook:** Indications of unrest within military ranks raise

a serious question about continued political stability. The late Tacho Somoza was a unique personality who perpetuated his one-man rule of the nation by forceful strong-arm tactics when necessary, tempered by benevolence and in fact, charm. The bald truth is that neither of his sons can fill his shoes. Luis is a quiet, reserved, hard-working individual but lacking in his father's forcefulness. He needs Tachito and the Army to assure his stay in office. Tachito, on the other hand, is forceful but lacking in his father's saving graces with the result that antagonisms are developing which do not bode well for his continued control of the military. Moreover, rumor has it that Tachito wants to decamp and join his wife in New York permanently. In light of these several contingencies the outlook for continued stability is not encouraging. Any unseating of the Somoza family which might follow assuredly would have serious economic repercussions in view of their extensive land holdings and vested interests in the mainstay industrial enterprises. Thus collapse of the incumbent administration would mean not only the possibility of civil strife but significant economic dislocation as well.



## HONDURAS

**Political restlessness.**

**... Civil strife possible**



**In retrospect:** Replacement of incumbent president Dr. Julio Lozano Díaz by a three-man military junta was the principal development on the Honduran scene in 1956. Hopes for a free election were bolstered immediately by the junta's grant of amnesty to all political prisoners, and by the return to Tegucigalpa of Dr. Ramón Villeda Morales, president-elect in 1954, and Oscar Flores. Equally salutary were the sweeping tax reforms promulgated by the junta.

**Outlook:** The actions of the junta surely indicate good faith intentions toward the restoration of normal, democratic processes of government, preferentially through a free election. Notwithstanding these intentions, however, Honduras

*Brazil: Ripening coffee ... mainstay for the world market*

has been so torn by factionalism that the inevitably vigorous electioneering could well touch off serious civil strife. Yet popular temperament is so preoccupied with this objective that too much delay will not be brooked. Hence the principal problems now facing the junta is to prepare the country for an election, while at the same time effect the safeguards to assure its peaceful fulfillment.

## EL SALVADOR

**Political tranquility**

**... business booming**



*In retrospect:* Other than the rather tranquil inauguration

of Lt. Col. José María Lemus as president to succeed Col. Oscar Osorio, little occurred in El Salvador to affect its political or economic climate. A fair summarization was the comment of one business executive: "Business was good last year, business was good this year, business should be better next year." Actually, no country in the Americas is more cognizant of the importance of sound economic planning than El Salvador. Perhaps the principal point of departure was that the nation has decided to make a vigorous bid for its share of the tourist dollar; earmarked a 1957 budget of 2 million *colones* for promotion and development of the tourist industry.

On the political side, repeal of the unpopular "Defense of Democracy" law, and the granting of amnesty to all political exiles effectively muffled opposition rumblings.

**Outlook:** Pessimistic prophets forecast political troubles agitated by communists who will return to the country under the amnesty grant. It is more generally held, however, that the political situation is now stable; certainly the popular temper—pre-occupied with the prosperity generated by a good 1955-1956 coffee crop, and the prospects of an even better crop upcoming—is not susceptible to talk of revolt. Furthermore, government is programming extensive public works, inclusive of new roads and better housing, which increase employment, improve living standards, and give the country a real overtone of prosperity. The big problem will center around an increasing population.

## PANAMA

**Bureaucracy pruned.**

**... modified austerity**



*In retrospect:* The inauguration of Ernesto de la Guardia as president, and his immediate program to prune out an overloaded governmental bureaucracy and put his administration on a sound, businesslike basis keyed Panama's political-economic scene. One of the first measures undertaken in this program was the drastically downward scaling of consular fees, which in the past had proved so financially rewarding to some consular officials, and the reduction of various consulates. Questions revolving around the Panama Canal still remained unresolved at the year's end, i.e., slowness on the part of the United States to implement various provisions of the new bilateral treaty, including "equal pay for equal work" for Panamanian nationals employed in this Canal Zone. Sensitivity over the United States' foot-dragging was roughed even more when the United States scotched Panama's invitation to the London Conference on the Suez crisis. Temperate attitude on the part of De la Guardia prevented serious rift from developing.

**Outlook:** With the opening months of the De la Guardia administration as a barometer, indications point firmly to increased political stability and economic development. A modified austerity program is in prospect to put the national budget on a sounder footing, which likely will be marked

by a further tightening of government's administrative machinery. Efforts to induce tourism seem in prospect, particularly in view of the near-completion of the remaining Pan American Highway gaps in Central American neighbors to the north. For the time being, Panama will be the virtual terminal of the route until a roadway is opened through the Darien jungle to link Colombia. Location of oil reserves and the commencement of drilling operations promises to lend a further boost to the national economy, although to what extent is not yet ascertainable. The principal outstanding problem will be settlement of difference with the United States over the Canal and the invoking of new treaty provisions.

## COLOMBIA

**Dictatorial controls relaxed ... investment flow increases.**

**... Sound economic growth in prospect**



*In retrospect:* The political complexion patently improved in the last quarter of the year with the convening of the Constituent Assembly after the relative dormancy of that body since the Gaitán assassination in 1948. The full effectiveness of this action was watered somewhat by that body's immediate approval of Rojas Pinilla's "motion" to



## ANNUAL OUTLOOK

nominate 25 additional members of his own choosing. Nevertheless, this marked a definite step toward restoration of democratic processes of government, particularly since its convocation was accompanied by some relaxation of rigid press censorship. Continued guerrilla activities in the upland areas, which have resulted in many thousands of casualties since 1949 according to government estimates, provide a *raison d'être* for maintaining the "state of siege" under which various civil liberties have been suspended. The seriousness of these guerrilla activities has been skeptically questioned in some quarters. Admittedly there was a political impetus given the guerrillas by both Conservatives and Liberals when their operations mushroomed seven

years ago, but many observers contend the problem has long since deteriorated to organized banditry controllable by vigorous policing; that government exploits it solely as a base for martial law.

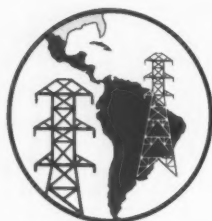
The economic picture showed certain latent strengths in 1956 which indicate both basic soundness and healthy growth. The nation's number one revenue producer, high quality coffee, brought top prices on the world market. The industrial complex took on a more varied character as an increasing number of U.S. firms opened new installations there or expanded existing facilities. More consumer goods locally manufactured, albeit by foreign firms, were available. Favorable taxation provisions, a ready labor reserve, and simplified incorporation laws (with adequate provisos for withdrawal of profits and capital) have served to stimulate the influx of foreign capital; further, a pro-

## POWER FOR PROGRESS IN LATIN AMERICA

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Night view of Belo Horizonte, Brazil, served by an American & Foreign Power company.



Colombia:

Trade wa

hibitively high tariff scale has tended to promote domestic manufacture in lieu of imports. Nevertheless, soaring government expenditures characterized by waste and mismanagement—most flagrantly with the Army—precipitated the beginnings of galloping inflation. (Example: official peso exchange rate, 2.50 to one dollar US; real exchange rate, 6.66 to one in mid-December, a jump from 5.50 in less than a month.) To combat this, Finance Minister Morales has blueprinted an austerity program signaled partly by further restrictions on non-essential imports, and partly by shaving government spending.

**Outlook:** Reactivation of the Constituent Assembly and relaxation of press controls to some extent point to the gradual restoration of democratic processes of government; further modifications of restraints against civil liberties might be undertaken. There is little prospect, however, that

the "state of siege" will be lifted in 1957. On the economic side, the success of the prospective austerity program will be dependent largely on the pruning of government expenditures, the drafting and enforcement of a more businesslike national budget, coupled with vigorous currency control measures to stop the inflation. In the overall, the political tendencies are encouraging and the economic development of such soundness—the adverse financial straits certainly being remedial through application of measures already undertaken in part—that 1957 should prove to be a good year for Colombia.

## ECUADOR

**Conservatives oust  
Liberals peacefully.**

**. . . Emphasis on  
agricultural  
development . . .  
progress good**



**In retrospect:** 1956 witnessed two major turning points on the contemporary Ecuadorean scene, both evidence of greater political stability and of significant economic growth. The political measure was taken by the election of Dr. Camilo Ponce Enríquez to the presidency, the first Conservative to hold that office in sixty-one years, and the peaceful transition of government to his administration from that of outgoing Liberal Velasco Ibarra. Much credit is attributable to the latter who announced his readiness to assure Camilo Ponce's installation as duly elected president, thus nipping in the bud rumbles of a possible attempted coup by some discontented Liberal elements, whose three-way split during the electoral campaign had enabled a Conservative victory, albeit by a narrow margin. The presidential boxscore accordingly stood at two successive full-term administrations (both Liberal: Galo Plaza, 1948-1952; and Velasco Ibarra, 1952-1956) and the inauguration of a third, Conservative, through ballots, not bullets.

On the economic side, the major emphasis was on the outlining and initiation of an agricultural development program, rather than industrial. The objective: exploitation of certain long-neglected natural endowments which should enable a flourishing agricultural economy, i. e., sharp, upward increases in various crops to provide exportable surpluses to neighbors with comparable shortages, in lieu of a costly industrial effort. Boasting some of the finest arable land in the hemisphere, as well as good rainfall and climatic characteristics, basic conditions appear favorable. The big step forward with U.S. Point IV aid and advice of private technical consultants was training in new production methods to increase crop yield; ages-old, non-productive methods of soil tillage are on their way out. Initial optimism was dampened when 1956 crop-year export surpluses did not achieve expected levels; anticipated revenues having been expended in advance, an unfavorable balance of trade resulted and foreign debts increased.

Collateral to agricultural programming, important strides forward were registered in expansion and improvement of the nation's internal air network, specifically, a line linking Quito directly with the coast, which will open vast new areas to settlement and development. At the same time, an



Colombia: Trade wares on display at the International Fair

extensive expansion and improvement program of port facilities at Guayaquil was launched.

**Outlook:** The interregnum between the outgoing Liberal administration and the incoming conservative government having been successfully bridged, political stability seems assured. No economic upheavals appear in prospect either since Camilo Ponce will continue to promote development of an agricultural economy along lines already laid out; at least no important modifications have been announced yet. All signs point to realization of a

viable economy through this emphasis on agriculture. Last year's export crop failures, while causing adverse trade and debt balances, can be remedied by a good crop year. Enforcement of import restrictions over announced categories of goods can be an important corrective measure of the nation's unfavorable trade position; further, devaluation of the *sucre*, which should be regarded as a distinct possibility, will strengthen the nation's currency. In the overall, general business is good and should continue to be so in 1957.

## BOLIVIA

**New political maturity,  
... Economic austerity  
planned ... progress slow**



**In retrospect:** Long regarded as a republic of revolutions, Bolivia clearly evidenced this past year its political "coming of age" by inaugurating a new president after due electoral processes. The transition from the administration of Victor Paz Estenssoro to Hernán Siles was effected smoothly; one measure of political equanimity was the number of exiles who returned to Bolivia without encountering difficulties.

On the economic side the picture was not as bright. This is not attributable to maladministration on the part of the incumbent government, nor that of Victor Paz Estenssoro. The real root of Bolivia's economic difficulties lies in its geographical position; land-locked, the country lacks adequate rail and road facilities for a sustained flow of trade goods. Economic ills were manifest especially in the currency exchange rate (Bolivianos into dollars) with daily

quotations galloping upward at a rate reminiscent of the post-World War I German mark. To checkrein this has been government's paramount concern; it called in George Eder, prominent North American lawyer-economist, to diagnose the ills and prescribe a proper remedy. His recommendations, similar to Klein-Saks program for Chile, were keynoted by austerity.

**Outlook:** Bolivia is beset by three fundamental problems: (1) a badly unbalanced economy geared mainly to a nationalized badly-managed minimum industry; (2) acute shortages of consumer goods and foodstuffs; and (3) lack of foreign exchange. An energetic and realistic diversification program of the national economy must be undertaken, along with a truly severe austerity program. Greater efforts to develop oil appear probable; also a shift in economic policy planning: at least partial return of the tin mines to private ownership in order to encourage private enterprise. At the same time, administration leaders are working hard to draft and enact legislation that will attract foreign capital into the country for participation in the economy diversification-recovery program. Notwithstanding some financial pump-priming by the United States government, partially on an emergency assistance basis, little investment capital is flowing into the country. Viewed broadly, some improvement is indicated for 1957 as the blueprint becomes operational, but the enormity of the job ahead will render initial progress slow.

## PERU

**Political maturity  
signaled by free election.**

**... With firmness,  
important economic  
gains possible**



**In retrospect:** Realization of the nation's first free election in eleven years set a new highwater mark in Peruvian political maturity. Even more salutary, election procedures announced and adhered to by outgoing strongman Manuel A. Odria: ballot counting at the polls under the eyes of all, and final verification by the national electoral college. When the last tally had been checked Odria handpicked candidate had been handed a resounding defeat; in good faith, Odria stood by the peaceful inauguration of his successor, Manuel Prado y Ugarteche, and the subsequent transition of government to the new administration.

On the economic side, steady progress was scored under Odria's benevolent dictatorship. With an eye on foreign capital, liberal exploration and exploitation rights were

granted, favorable taxation laws enacted, and commitments honored. The results were increased confidence by foreign companies and investors; a strengthening flow of investment capital.

**Outlook:** All signs now point to continuing political stability since Prado's election was a popular one. Any attempted coup necessarily would have to be mounted from military circles, and no trouble spots are apparent there now. A latent sorespot, however, is the officially outlawed APRA party, whose outspoken nationalistic criticisms of Odria's foreign capital inducement policies led to their proscription. APRA followers supposedly supported Prado on orders from the party hierarchy; may demand a policy voice in the Prado administration under the threat of revolutionary activities, the party hallmark.

Indications also point to probable resolution of the sticky, three-mile off-shore territorial limits question which has been subject to diplomatic pressures by the United States. Four way agreement between the United States, Chile, Ecuador and Peru regulating fishing rights—the matter of principal concern—should clear the way to compromise on the limits question.

In the overall, Prado has inherited an economy which was rallied and put firmly on the road to recovery; from this foundation, and in light of the popular support he now enjoys, 1957 could be a meaningful year for Peru.

Venezuela  
Jiménez





Venezuela: Symbolic of a thousand public works projects . . . President Pérez Jiménez cuts the tape opening a new housing development.

## CHILE

**Inflation nipped . . .  
peso strengthened.**

**. . . Favorable economic  
atmosphere attracts  
investors**



*In retrospect:* Adoption of realistic measures to retard inflation and to strengthen the value of the Chilean peso was the outstanding development of the year. Closely following recommendations of the Klein-Saks mission, which had been called in to program a financial cure, the Chilean government managed to avert the crisis which had been in the making for some time. As a measure of its success, the peso was stabilized at a rate approximately half that for the corresponding period of the preceding year. Principal facets of the program included restrictions of imports, thinning out the over-loaded bureaucracy, restraints on government spending, and an overall, albeit mild, national austerity program.

Successes scored in the curing of immediate ills prompted, perhaps naturally enough, some local agitation for the termination of the Klein-Saks mission. There are no indications presently, however, that the government intends to veer away from the Klein-Saks blueprint merely because the more obvious problems have been met.

*Outlook:* On the political front some agitation has been evident lately in the legislature. Opposition elements have leveled charges of despotism and infringements of the law at President Ibáñez with particular reference to labor policies and relations with Argentina. Nevertheless, the Ibáñez administration is firmly seated, and there is little danger that the opposition will be manifest in any way except at the polls.

On the economic side, continued implementation of the Klein-Saks recommendations bode well for Chile's economic growth and developments. Stabilization and renewed health of the peso are attracting foreign capital; the only change to be anticipated now is an acceleration of the upward trend of prosperity. A stable political climate and healthy economic atmosphere have served to stimulate the influx of foreign capital, Chile apparently intends to keep it this way.

## ARGENTINA

**Foreign confidence  
restored . . . capital  
investment increasing.**

**. . . Stability and steady  
progress in sight**



*In retrospect:* Recurrent problem throughout the year revolved around apparent refusal of some labor leaders and short-sighted politicians to realize the seriousness of the nation's economic plight and the urgent need for a rapid marshalling of all forces in support of a workable program. The several abortive uprisings throughout the year paradoxically strengthened rather than weakened the position of Major General Pedro Aramburu, provisional president. Actually, these brush fires served to identify opposition elements and pin-point causes of their disgruntlement so that the Aramburu administration could seek remedies for the problems provoked. A major task, after all, was to comb through the melee that rushed forward with the collapse of the Perón regime, in order to find staffers of integrity and ability who would work unstintingly for political stability and economic recovery.

Aramburu's success can be measured meaningfully in terms of the growing foreign confidence in Argentina. Consolidation of long-standing foreign trade debts on a formalized multilateral treaty basis, and announcement of a realistically phased repayment plan, scored well in government and business circles abroad. The United States and Great Britain both have made substantial loans, appear sympathetic toward increases on a need-to-have basis, which has spearheaded the way for a healthy flow of investment capital. The Soviets also moved into the picture with a series of barter agreements engineered through its satellites. Notwithstanding Soviet blandishments, the Aramburu administration is not oriented toward the communist-bloc. As a matter of fact, Argentine courts have ruled that the local communist party is not sufficiently democratic in its aims and organization to participate in the upcoming national election when called. Thus the communist cannot put up an electoral slate. One judge in handing down this ruling lashed out vehemently at Soviet barbaristic strong-arm actions in Hungary.

So far as the domestic economy is concerned, the badly deteriorated transportation system continued to be a real obstacle. The shortage of rolling stock for the railways and most types of trucks was especially acute. The overall complexion of agriculture, on the other hand, was very good; production was up better than 100 percent. The darkest side of the national economy picture turns on the oil question. Despite attractive offers by foreign companies Argentina seems determined to go it alone in developing its petroleum industry. Predictions of doubled oil production in three years have been made, but hardly seem possible under present circumstances. An oil deficit seems certain.

*Outlook:* Politically, all signs point to continued irascible harassment of the administration by extremist elements, inclusive of Perónistas, communists, and a handful of rightist generals. Nevertheless, the Aramburu-Rojas administration gives all indications of being firmly in the saddle. Barring some unforeseen wildcat event that would discredit their program entirely and unite the various opposition splinters into a *tour de force*, political stability appears well assured. Economically, more realism and less

nationalism is needed. Foreign capital, both governmental and private, wants to help—but is now rebuffed in various fields by protectionist-nationalistic policies. A domestic austerity program seems unavoidable if the national debt, now in excess of 100 billion pesos, is to be controlled and runaway inflation checked. Wages, profits, and prices all must be brought into balance within the framework of the nation's gross national product. In all, the outlook is for slow, steady progress; no boom is indicated, nor should it be expected.

## BRAZIL

**Nationalism colors policy thinking.**

**... World coffee market keys prosperity**



*In retrospect:* Decision of President Juscelino Kubitschek to pay continued homage to the "great god nationalism", to the evident disappointment of foreign businessmen, set the politico-industrial theme of the year. The real shocker was Kubitschek's "go-it-alone" policy on atomic development, especially since this represented a volte-face from earlier cooperative efforts with the United States which had been formalized by diplomatic agreements. Question was raised as to whether Brazil could unilaterally develop a viable atomic program, or whether its course would parallel Brazil's oil exploration and development program, with the same negative results.

Domestically, most of the grumblings were given over to politics. Early in the year unrest was still evident as an aftermath to the presidential election in 1955; rumor had it that the Kubitschek-Goulart administration would be toppled by a coup d'état. Support of popular War Minister Teixeira Lott nipped such talk. Question has been raised, however, whether the administration's protectionist policies regarding natural resources followed as a direct result.

On the business and industrial front Brazil continued to take giant steps forward. Foreign companies, both U.S. and European, continue to pour millions in hard cash into the country for expansion of existing plants and construction of new installations. At the close of the year, Brazil's dollar reserve position was not unfavorable. Three factors contributed to this financial health: (1) exceptionally high coffee exports; (2) higher coffee prices; and (3) enforcement of import restrictions to preserve dollars. These factors cannot be regarded as constants, however, for the mesurement of the Brazilian economy.

*Outlook:* Much depends on whether the world market demands for coffee continue at the levels set in 1956. Coffee men generally are optimistic; on this contingency, the future bodes well for Brazil as the world's greatest producer. No real political problems on the domestic scene appear imminent. The question is whether Kubitschek will try to temper extremist thinking and influence on policy; lacking modification of apparent trends the spectre of continued nationalism will certainly serve to retard the nation's economy from blossoming to boom proportions. One incidia will be the legislative programs undertaken to update

basic statutes to meet contemporary needs of business and industry, operational developments of which in many instances have outstripped the existent body of laws. Notwithstanding these problems the overall outlook for Brazil is extremely good.

## VENEZUELA

**Diversification of industry**

**... enormous public works program.**

**... Absolute political stability and heavy investment flow assure continued economic boom**



*In retrospect:* New bases for economic development were brought into focus last year in Venezuela, whose oil riches long have overshadowed other facets of the nation's economic potential. Coffee and iron ore both adopted a proportionately stronger posture in the gross national product; similarly, the incoming flow of investment capital accelerated sharply upward, largely for the purpose of establishing new industries whose diversity spell even greater strength for the Venezuelan economy. Much of this is attributable to the favorable climate generated by the rule of Gen. Marcos Pérez Jiménez expressed through a statutory framework designed to attract foreign capital (e.g., liberal tax scale which assures virtually tax-free profits), and scrupulous fairness in dealing with foreign businessmen.

Politically, the Pérez Jiménez regime appears to be riding firm and secure. The continued outlawing of all political parties, coupled with rigid control of the police and strict press censorship, naturally has frustrated any open expression of opposition. Moreover, the level of prosperity enjoyed in consequence of industry's expansion and continued public works programming, with the resulting increasing standard of living (better conditions, more consumer goods available, and the money to pay for them), apparently has stifled opposition tendencies in the populace. Politics just does not seem to be more than a cipher in Venezuela today. Only the military would be capable of mounting a coup attempt, and they appear well satisfied.

*Outlook:* Announcement of upcoming national elections in 1957 presently should be looked at "tongue-in-cheek"; in view of continued abolition of all political parties. Pérez Jiménez is the only candidate in sight. The election will be a mere formality. Tight press censorship renders assessment of popular reaction to this situation difficult. The business community appears patently indifferent; any expression would likely be in endorsement in view of the prosperity experienced in all quarters during the past four years of the Pérez Jiménez administration.

On the economic side, free-spending on the part of government in fulfillment of various ambitious public works programs will boost national debt. There may be some tardiness in discharging payments due on bonded indebtedness and trade obligations in consequence of the heavy inroads being made on foreign exchange reserves, but this is a time-lag matter, not inability. In the overall, the continued influx of investment capital, its reflection in diversification of industry through new installations as well as expansion of existent facilities, and the even greater significance of Venezuelan oil in view of the Suez situation coupled with a stable political climate, all point to an accelerated pace in Venezuela's prosperity boom.

## CUBA

**Symptomatic political agitation . . . Army support assures stability.**

**. . . diversification and investment.  
strengthening economy**



*In retrospect:* The series of attempted revolts—student uprising and gangster killings—which provoked scare headlines as usual in the island republic, seemingly keynoted the year. These, however, are not representative of the real political or economic conditions of the country. The well-spring of the problem is that many volatile Cubans look upon Batista as symbolic of dictatorship government; recall his first spectacular climb to power when he as an ex-army sergeant overthrew a bloody and dictatorial regime.

Similarly, they overlook the fact that his decision to step down permitted the subsequent inauguration of two successive, democratic administrations; those of Ramón Grau San Martín and Carlos Prío Socarrás.

*Outlook:* The same type of sporadic outbursts that characterized the past year can be expected to mushroom in 1957. As long as the Cuban army supports Batista, however, there is little likelihood of his overthrow. In view of his policies favoring the military establishment in terms of budget and privileges, there seems little probability at this time of a defection in that quarter.

On the economic side, the future appears very favorable. Increased demands on the world sugar market point to full absorption of the nation's number one crop. Similarly, the government's program to further diversify agricultural production, and thereby lessen the dependence on sugar, should produce tangible results this year. Conceivably, political agitation in the form of promiscuous shooting matches could adversely affect Cuba's number two dollar earner—tourism. But in the overall, the nation's economic pattern should realize further strengthening in 1957.

*Cuba: First steps in processing the nation's number one crop*





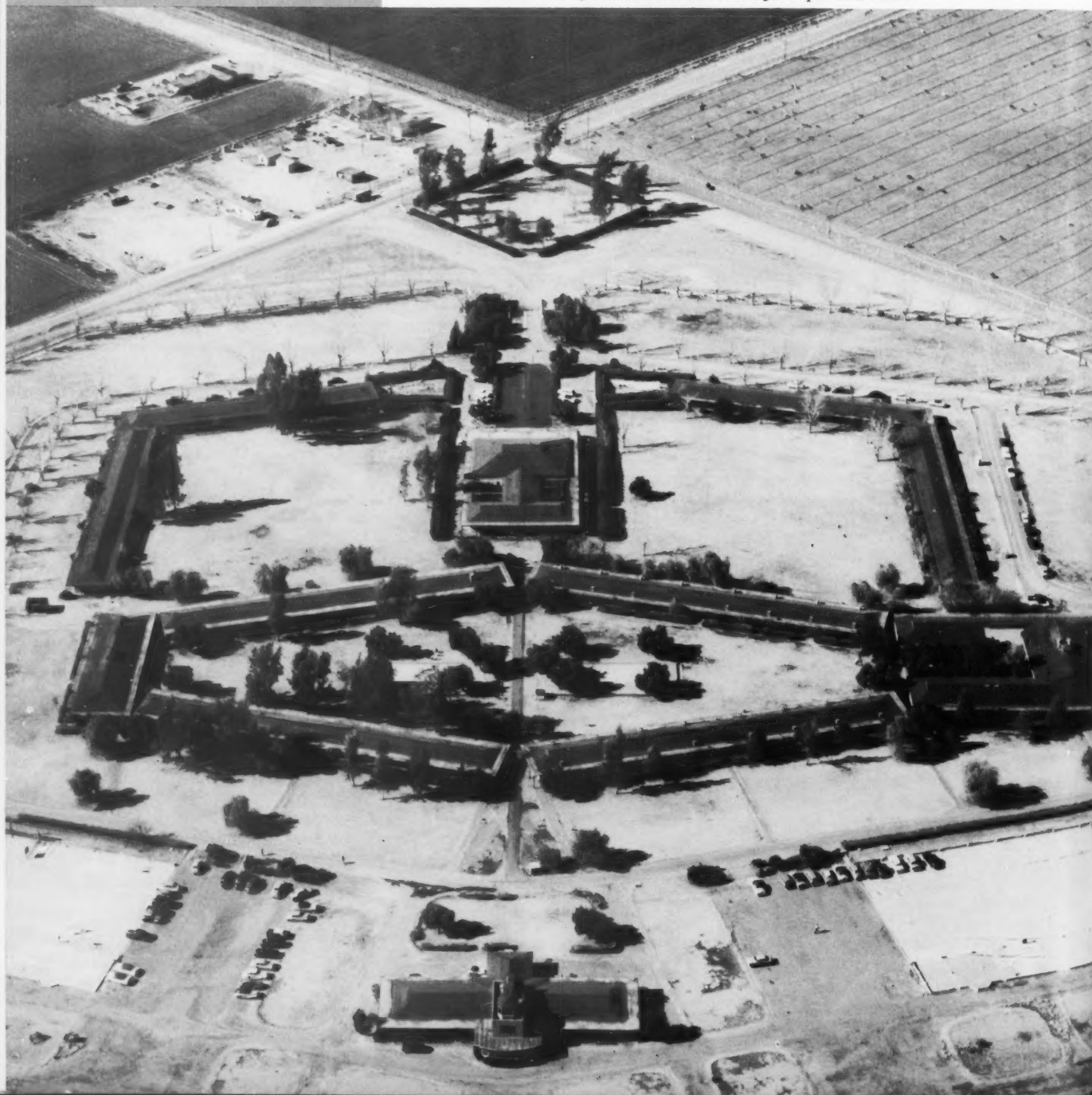


# THUNDERBIRD

**PIONEER IN TRADE EDUCATION**

Dynamic program schools  
future international executives at  
American Institute for Foreign Trade

*Thunderbird—from Air Force base to college campus in a decade*



A few months ago a young man wrote from Rosario, Argentina: "There was shooting for a while and then suddenly everything was quiet. We sat up all night and listened to the silence. Have you ever heard the silence of a city?"

And from a city in fast-growing Colombia came a postcard signed by seven young Americans, all representatives of different companies, whose business had brought them unexpectedly together.

From Recife, Brazil, came a long, long letter, written by a new mother just arrived with her infant daughter after a trip from New York that included an unscheduled stopover in Ciudad Trujillo: "We've hardly unpacked but I want to write this while the first impressions are still fresh. I want you to read this at the campus Woman's Club meeting because it will help answer some of the questions that I was always asking. In another week I will be all settled in and I will have forgotten how you feel when you first arrive . . ."

These and other letters like them come in quite regularly to members of the staff and faculty of the American Institute for Foreign Trade where more than 300 young Americans received a very special course of training to prepare themselves for their future lives in Latin America. They have learned to make a rapid adjustment to the situations they will meet, to live quietly and productively in the societies in which they find themselves—to become a part of the community instead of isolating themselves in "American colonies."

The AIFT graduates, or "Thunderbirds," as they call themselves, can speak the language of their neighbors; they understand their customs and their way of life; they come in friendship and with enthusiasm, wanting to learn and wanting to be accepted.

**MORE THAN A SYMBOL.** The "Thunderbird" designation comes from the fact that the American Institute for Foreign Trade is located at what was formerly Thunderbird Field, 12 miles northwest of Phoenix, Arizona. This former flying training center was built by a group of Hollywoodians, headed by James Stewart and Leland Hayward, who called on artist-architect Millard Sheets to design the buildings and grounds. Sheets laid everything out in the form of the Thunderbird, traditional Southwestern Indian symbol of good fortune—"A symbol which we hope brings good fortune to all of our students, wherever they go in the world," says Carl A. Sauer, President of the Institute and himself a man who has had wide experience abroad. He came to the In-

stitute from the U. S. Department of State, where he served as Acting Chief of the Division of Libraries and Institutes.

The American Institute for Foreign Trade was founded in 1946 by the late Lieut. Gen. Barton Kyle Yount, who had had many years service abroad with both troops and as an attache, had had an opportunity to see Americans commit damaging blunders, mostly because of lack of preparation for their responsible assignments. He reasoned that the same streamlined training techniques that had made the United States a victor in war could be transposed to train young Americans for peace.

The aims of the Institute, as expressed by General Yount and his founding association, are threefold:

- ▶ To serve its students by preparing them, through intensive education, to engage usefully and productively in international commerce and associated activities.
- ▶ To serve business and the government by providing a source of trained personnel interested in and qualified for positions connected with foreign trade and foreign service.
- ▶ To serve international understanding by fostering constructive, sympathetic and mutually satisfactory business relations between the peoples of the various countries.

At the end of this month, 50 graduates of the American Institute for Foreign Trade will leave the campus to take up lives as foreign traders. They will leave behind them 200 students who will not be graduated until the end of May but they will be replaced by another mid-year group.

More than 50 companies have been in contact with the Placement Office in search of Thunderbird-trained personnel. Half of these companies have sent interviewers to the campus, other companies have flown men back to home offices and others have contracted for the graduates' services by a review of their resumes and a search of their records and recommendations.

One company alone made nine offers to the January graduates, another came twice to review qualifications. The men who come to interview are usually men who have had field experience themselves, men who, like General Yount and his associates, have recognized the value of special preparation for the foreign trade field. Each has his own standard of judgment but each hopes to find a man or men who meet his company's requirements. In a sense, each participates in the training program for it was similar representatives who helped get AIFT underway.

**FROM LESSONS LEARNED.** The curriculum of the Institute was estab-

*American business looks to Thunderbird for foreign assignment personnel, sends interviewers such as (from left) L. L. Baseler, Monsanto Chemical Company, H. Paul Abbott, North American Companies, and A. G. Cameron, Goodyear, to talk with Institute President Sauer (right) and graduating students.*



lished after executives and personnel men associated with the leading American companies in international business were asked the question, "What training do you believe that men destined for your foreign or export divisions should have to make them the most effective representatives of your business and your country?"

From the answer to that question, and with the cooperation of the United States Office of Education, came the three departments under which all courses at AIFT are taught: Language, Area Studies and Foreign Trade.

There was very general agreement that American business suffered most notably abroad—and particularly in Latin America—because businessmen could not speak the language of the countries to which they were assigned. Recently, Mr. E. T. Mitchell, a high ranking vice president of the First National City Bank of New York, said that he felt that the one deterrent to a young man's rapid progress abroad was his inability to handle a foreign language. "We must have men who can speak Spanish or Portuguese correctly and fluently, men who, linguistically, can move in any circle."

At the American Institute for Foreign Trade, one-half of the student's course load is devoted to the study of a foreign language. He is taught by what academicians call the oral-aural method or what is more familiarly known as the mimicry-memory method. For one hour of each class day of his two-semester course he is drilled in conversation by native speakers of the language. These classes are limited to eight students so that each receives the maximum personal attention.

Fixed dialogues are first memorized by the students who then prepare "free conversations," making use of the words they have learned in the memorized dialogues. Preparation and presentation are done in pairs so that the conversational pattern is established from the beginning. The reading and writing skills are acquired later in their training.

During the first ten weeks of their instruction in language, students do not see the printed words. Memorization is from recordings. "In this way," says Yale-trained Dr. Howard W. Tesen, Director of AIFT Department of Languages, "the student cannot develop false pronunciation patterns visually. We are very proud that the hallmark of an AIFT graduate in language is his relative lack of accent and his correct intonation."

In addition to the daily conversation classes, students take two hours a week of grammatical fundamentals

under highly-trained American linguists and spend two hours weekly in the language laboratory where the electronic equipment provides intonation drills, ear training and speech exercises.

One young couple arriving in Brazil reported to the school that they found friends immediately. "The customs people were so pleased because we had taken the trouble to learn Portuguese before coming here to live that it almost embarrassed us."

**OLD HAND!** Area studies are under the direction of Dr. William Lytle Schurz, one of the country's leading Latin Americanists, whose much respected lecture sessions are held in the campus auditorium to accommodate all the students enrolled for his course. A man of wide experience in both business and government, Dr. Schurz provides a background in Latin America studies that is equalled nowhere else in the United States. When students leave his classroom they have a wise and learned friend who can help throughout their careers, in solving problems they might confront or share with them their experiences.

"Be sure and tell Dr. Schurz that we found Montevideo as charming as he says it is," or "Be sure and tell Dr. Schurz that everything we see here reminds us of him and the things he told us in class. It makes it all mean so much more." Or they write to their former professor personally to thank him for having enriched their Latin American living experiences.

Area Studies, as they are taught at the Institute, cut across the board of the social sciences to give students a background in history, economics, geography, sociology, ethnics and philosophy. In addition, the student is taught the manners and mores of world neighbors, their attitudes, and most important, their points of view. In addition to Latin American studies, the Institute offers similar area studies in the Far East and Western Europe, just as it offers French, in addition to Spanish and Portuguese.

In the department of Foreign Trade are those subjects in the field of business administration most applicable in the international field. The courses offered by this department are sufficiently varied to give the student a practical and thorough knowledge of the subjects which he must understand for employment and advancement in the several fields of foreign trade. Because of the element of time the courses have been selected for subject matter considered the most useful to foreign traders and include marketing, salesmanship, accounting, advertising, management, commercial law, international finance and the actual documentation of foreign trade.

A concrete and practical, rather than an abstract and theoretical, approach is made in presenting subject matter. Actual commercial situations are approximated and realistic data, instruments and forms are incorporated in so far as is possible.

The men who teach in this depart-

*Latin American expert Dr. William Schurz shares a wealth of knowledge with his students*





ment have themselves had successful careers in foreign trade, men like John David Campbell, recently retired managing director of Swift and Company's export division; or David Clark, who had a long and brilliant career as a commercial attache in Latin American capitals; or Gerard R. Richter, formerly export manager for Miles Laboratories and the Kirsten Pipe Company; or Richard T. Turner, formerly an editor of some of McGraw-Hill's major Latin American publications and sales and marketing executive, with much Latin American experience, for Lehn & Fink and Western Electric.

**THE STAFF ROLE.** The language-area-foreign trade training students receive at the American Institute for Foreign Trade prepares them for assignment abroad. Equally important is the training received by wives of the students. The area and language is offered to the wives of regularly enrolled students, free of tuition charge. Firms sending married men abroad have come to evaluate highly the training given wives at Thunderbird. By their participation in the academic work, wives indicate their interest in their husbands' careers and have proven themselves to be much more adaptable to situations encountered in foreign countries. Some business firms, which formerly limited their employment to single men, have now come to realize the important contribution which can be made by the AIFT-trained married couple.

"What we work for most, both inside and outside the classroom, is the stability of our young people in foreign trade careers," President Sauer says. "Just giving them the academic training is not quite enough. We want them to recognize their responsibilities to the companies which will hire them and to think of themselves as 'career men.' At Thunderbird we do our best to give them a realistic picture of their future lives abroad and if they decide against a foreign trade career while they are still with us, we feel that we have done both them and industry a service. We know that they will have broader horizons and a better understanding of world problems because they have been to AIFT and will be effective supporters of American foreign trade even though they chose to remain in domestic positions.

"But the people to whom we direct our program are those who will choose foreign trade careers on a career basis. We are very proud when representatives of the various companies hiring our men tell us that Thunderbird graduates have already significantly slashed their overseas turnover rates. We recognize the investment that a company has in the men they assign to foreign posts and we want our students to recognize their responsibility to protect that investment.

"One of the major problems that we confront is the eagerness on the part of most of our graduates to get a foreign country. We must constantly impress upon them that they must

serve from six months to two years or more in a domestic training assignment. A few weeks on the job, however, is the best convincer along those lines."

The reputation of Thunderbird stands squarely on the records which have been made by former graduates. At the present time, there are more than 500 Thunderbirds in 62 different countries of the world. By far the largest proportion (310) are in Latin America. There, they are representing 95 different American companies operating below the border and 18 locally-owned companies. Additionally there are 18 enterprises solely owned and operated by AIFT graduates, who have obtained rights as manufacturers' distributors, set up their own plantations or cattle ranches, or, as in the case of a young man in Brazil, established a very successful version of the famed American supermarket. Among those graduates employed by locally-owned companies are Latin Americans who have come to Thunderbird to learn the American way of doing business and gone back to locally-owned banks, business houses and manufacturing plants to assume management roles.

Although, as indicated, there are 120 different companies in Latin America which have hired AIFT graduates, these can be broken down into 26 different fields. The largest number is engaged in the banking business, with petroleum, insurance and rubber following hard on. The pharmaceutical business, utilities and appliances, goods and household products absorb the next largest group, with agricultural ventures and the sale of agricultural equipment and feeds high on the list.

Country-wise, Venezuela leads with 60 AIFT graduates in residence. Next come Brazil, Mexico, Colombia and Puerto Rico. Perú, Cuba and Argentina have from 15 to 20 graduates. In 14 other countries of South America or the Caribbean there are from one to 12 Thunderbirds. Additionally, approximately 36 AIFT graduates regularly travel throughout the Latin American countries as company representatives.

**PARTICIPATION = SUCCESS.** "I am often called upon to tell 'success stories' about our graduates and this I always hesitate to do," says President Sauer. "Sure, we have our Horatio Algers—our boys who have made an almost unbelievable success in their personal careers. But the graduate we accord the highest honor is not the man who has only made a success for himself. We like to call attention to the men who have fulfilled AIFT's objectives by bringing credit not only to themselves but to their country as well by their active participation in

*Route to foreign language fluency: a native teacher . . .*





... and hours of practical drilling

the community and civic life. We find this kind of men ranging from top executives to junior trainees. These are what we call our 'success stories.'"

He called attention to the annual award, established by the late Dr. Jonas H. Mayer, former Vice President of the American Linen Supply Company. This is given annually to an alumnus who through his own progress has reflected great credit on the cause of American business abroad.

"A few years ago this award was made to Ben Cid Novoa, in Mexico with Sears, Roebuck & Company. I was vacationing there so I had an opportunity to make a personal presentation of the trophy signifying the award. It was a pleasure, but no surprise, to find Ben one of the most highly regarded members of the community in which he lived. He had not only served his company well but he built up excellent customer and community relations by recommending that Sears, in remodeling its store, conform to the architectural pattern desired even though it sacrificed many valuable square feet of display and sales space. Both he and his company wanted to do business the 'right' way."

"Last year the award went to the young man who had established a supermarket in Brazil, not because he had done a great business but because Rick Roberts had been selected by the Brazilians themselves as being a 'man of the year' in São Paulo.

"We have men commanding high salaries and holding down very responsible positions in Latin America but

we are equally proud of those who serve the social and welfare agencies, without significantly higher remunerations or allowances than they would

receive in comparable jobs at home. We don't count the success of an AIFT graduate in dollars or position; we count it in their measure of contribution to their community."

Listed among the AIFT graduates in Latin America are two categories of students who should receive special mention: the so-called Key Men and the women students.

The Key Men are those executives of companies in international commerce who have had long domestic experience and who suddenly find themselves slated for a foreign assignment. They are sent to Thunderbird by their companies for a highly intensive six weeks course in language and area studies. At the end of this period, they will have accumulated a vocabulary of a minimum of 1600 to 2200 words and will be able to speak and comprehend the language at the everyday conversational level. The development of the reading and writing skills will come readily because of the background gained. Four of these Key Man sessions are normally given each year in all three of the languages taught at AIFT.

The women students are those young women who came to Thunderbird as regular students and who left as brides of their classmates. There are nine now in Latin America, some

## All-American Star in Inter-American Trade

Meet the "Santa Paula" . . . one of twenty-six Grace Line ships which play a key role in the continuing growth of trade and travel between the Americas.

As foreign trade becomes increasingly important to world prosperity and understanding, Grace Line is steadily expanding and improving its facilities, both at home and abroad. More than ever, the "Santas" stand ready to provide the best in fast, frequent transportation to and from Latin America.

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Between New York, U. S. Atlantic Ports and Netherlands Antilles, Venezuela, Colombia, Panama, Canal Zone, Ecuador, Peru (Bolivia), Chile.

Between U. S. Pacific Ports and Mexico, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, Panama and North and West Coasts of South America.

## GRACE LINE

3 Hanover Square, New York 4, N. Y.  
*Serving the Americas for more than a century*





*In an advertising class, a student learns to sell himself and his "product"*

of them fulfilling only the roles of wives and mothers but others participating in the local business life.

In April of 1957, the American Institute for Foreign Trade will take over full title to its Thunderbird campus, granted it by the War Assets Administration for the operation of a non-profit educational institution.

"Because we will acquire full title to our property then we feel that this is our big year," says President Sauer. "Although there have been times when the sledding was tough, I don't think any of us connected with the school—staff, faculty, students or alumni—ever doubted for a moment but that Thunderbird was here to stay.

"Like all non-profit educational institutions, we cannot survive on the funds received from tuition alone. This is particularly true when the instruction is of such a highly specialized nature and when we want to have the teacher-student ratio as close as 10 to one as possible. We have no endowment, but our annual deficits have been made up by our friends in American industry who wholeheartedly support our program. This, we feel, is either because we save them time and expense by providing trained personnel, or because they feel that we are making a significant and positive contribution to the climate in which American business can most effectively operate overseas. We like to think of these contributions as investments

in America's foreign trade future rather than as donations. Our aim is to broaden the base of this corporate financial operation. We would, for example, rather have 10 companies subscribe \$1000 each year than one company subscribe \$10,000. We would, of course, happily accept \$10,000 from the same 10 companies!

"We keep our course of training as flexible and dynamic as we can. As new situations develop in the field of foreign trade we want to meet them with the proper preparation for our students. We are constantly surveying our graduates and their employers to keep our curriculum the answer to the foreign training problems of American business and industry.

"Sometimes, we are handicapped by lack of funds in our operation. We would like, for example, to provide more electronic equipment for the students, give them better living facilities, replace some of these temporary wartime-constructed buildings with permanent structures, enlarge our library collection, bring in foreign trade and international relations experts from the outside. In the meantime, we are offering the very best training that we can and there isn't a member of the staff or faculty who isn't willing to give every possible moment to help a student with either his personal or academic problems. What we cannot provide, materially, we can and do provide in other ways," President Sauer concluded.

Look up a Thunderbird in any of the Latin American countries and let him tell you about his year at the American Institute for Foreign Trade or, better still, look up his employer.



*Alongside their husbands, Thunderbird wives also work, learn and look for the future*





## INTERVIEW: EDGAR F. KAISER

*Prominent U. S. Industrialist Kaiser takes searching look at Argentina.*



**Biographic Note:** As helmsman of the world-wide Kaiser industrial structure at the age of 47, Edgar F. Kaiser is one of the nation's youngest major industrialists. Considering the multiplicity of Kaiser operations—in the fields of engineering and heavy construction; aluminum, steel, chemical and gypsum processing and manufacturing; aircraft and automobile production, and a variety of supporting enterprises which range in location the length of the Hemisphere and in scope on a global pattern—the policy direction of this organization is a job of enormous responsibility, since it bears immediately upon the basic economic development of several countries in the Americas.

His success as a resourceful and foresighted industrialist can be measured simply by cataloguing the achievements

of the Kaiser affiliates which comprise the billion-dollar industrial organization. His measure as a personality was struck editorially in a California newspaper commenting on the 25th anniversary of one Kaiser enterprise when it said, "If the Kaiser organization needed an emissary to win friends, he was present in Edgar Kaiser . . . His manner of speaking was earnest, sincere, with a naturalness, a magnetic power, which instantly won him acclaim, made people who had never seen him before feel they were lifelong friends. . . ."

Responsibility came to Edgar Kaiser at an early age. He was one of the "kids" referred to by an Army engineer who said that "Kaiser won at Bonneville because his kids were too green to know when they were licked." This from the

vantage point of the Bonneville dam on the Columbia river whose waters could rise as much as 30 feet in a day to wash out construction work in progress. Yet 25-year old Edgar Kaiser as project manager for the main spillway devised a work plan that jammed construction through in four years—one year ahead of schedule.

At 34 he was shipbuilding, and adding to the international repute of the Kaiser organization by producing more vessels than any other shipbuilder in history—faster and cheaper than ever before. Then at the war's end, into the automobile industry to establish a procurement pattern with interesting ramifications and meaningful consequences to allied fields.

"Our infant motor company found it virtually impossible to buy steel and other necessities on the open market and literally scoured the world for materials with which to make the 18,000 parts, which comprised our first passenger car," Mr. Kaiser recalls.

"We pioneered the first extensive use of bartering in the auto business. For instance, a radiator firm could not obtain enough copper to supply us regularly; the copper producer was unable to increase output because he needed additional natural gas; the gas company could not deliver because it was unable to obtain steel pipe; and steel companies lacked pig iron to make pipe because their blast furnaces were short on coke. So, we began a series of bartering transactions, first finding a supply of coke for the steel producers, then trading our way up the line, and eventually getting the radiators we needed."

A continual spokesman for the American system of free enterprise, Mr. Kaiser—speaking on behalf of Kaiser-Willys producer of only a small fraction of the passenger cars sold in 1954, as compared with the market share held by General Motors, Ford and Chrysler which then were subjects of Congressional inquiry — said that under the existent framework of competition "... there is no need to limit the size of automobile manufacturing companies." Later, one middle western newspaper approved his stand with the comment. "... Mr. Kaiser was the industrial statesman, standing firmly on the American free enterprise system (who) did not cry for governmental restrictions on his competitors to give him a bigger place in the market."

It was from the perspective of Mr. Kaiser's broad understanding of basic economic policy planning problems, from the standpoint of both government and private enterprise, and his particular interest in Argentina through the affiliated Industrias Kaiser Argentina, S.A., a 40-million dollar jeep-truck-car production plant, that *LATIN AMERICAN REPORT* asked the following questions assessing aspects of Argentina's recovery and its prospects for 1957.

**Q.** In the little more than a year since President Juan Peron was overthrown, how far, in your opinion, has Argentina come on the road back to economic stability?

**A.** The achievements of the last 15 months have been very impressive. The creation of a free market for financial transactions has greatly facilitated international transfers on a realistic basis. The ability of private companies to remit dividends and royalty payments should encourage private investment. Similarly the payments arrangements with the countries of Western Europe should do much to restore Argentina's traditional pattern of multilateral commerce. The present government is working diligently on increasing exports both to Europe and the United States.

One of the most urgent problems confronting Argentina today is that of transportation and the government is tak-

ing measures to improve this situation. The negotiation of a loan of \$100,000,000 from the Export-Import Bank for transportation should not only help greatly in the solution of this problem but would demonstrate confidence in Argentina just as the extension of a substantial private credit from British banks indicates faith in the Argentine economy and in the present administration's program.

From the standpoint of our own company, Industrias Kaiser Argentina, S. A., I can say that we have received full cooperation in connection with our own problems and that we enjoy a relationship of confidence and mutual trust.

**Q.** What steps do you believe Argentina should take to accelerate the economic progress of the country?

**A.** I am somewhat hesitant about answering this question since it is not my province to give advice as to what an independent government should do, and it is easier for someone on the outside to reply to these questions than it is for those who have the responsibility. However, I believe that there are certain steps which could be taken which would have a beneficial impact.

Argentina has a dollar deficit in its international trading position of about \$200,000,000 a year. This deficit can only be eliminated by further measures to increase exports and by increasing national production of those products which are now imported at a heavy cost in foreign exchange. Strenuous measures must be taken to improve the internal transportation and power systems in order to stimulate the production of goods for export and local consumption. Measures are also necessary to encourage additional capital investment from abroad, particularly to increase the national production of essential items which the country must now import. Fortunately, the government has shown a keen awareness of these problems and is moving in the right direction.

In our own operations, we have encountered two types of problems which must be resolved if national production of essential goods is to be increased. First, despite the recent liberalization of investment regulations, there are still considerable difficulties in the way of Argentine firms who need machinery and equipment from abroad to expand their operations, either by purchase or as a foreign investment.

Second, under present regulations in Argentina, it is extremely difficult for retail buyers of trucks and jeeps and consumer "hard goods" to obtain retail credit, even to purchase items which are produced in the country. In virtually all countries where such items are manufactured credit is available on reasonable terms to those who buy the industry's products, and the availability of this consumer credit is a major factor in supporting the mass production volume necessary to achieve low unit costs. The limited extent of such credit in Argentina tends to limit the national production of capital and consumer goods, and thus to reduce the potential contribution of new manufacturing industries to the economic development of Argentina. I hope that these problems can be resolved in the near future.

**Q.** Do labor conditions favor the establishment of manufacturing plants in Argentina by American companies?

**A.** We have generally enjoyed excellent labor relations in Córdoba. Although I realize that there have been labor difficulties in other sections of the country, we have had no such problems at Córdoba. Unfortunately, we have been directly hurt by the recent strike in the metallurgical industry which, although it did not involve our own employees, forced us to halt operations for several weeks. However, we have found that labor productivity at Cór-

doba is excellent and so far as our operation is concerned is competitive with that in the U.S.

**Q. Do you think that European bankers and businessmen are more alert than U. S. investors as a whole to investment opportunities in Argentina?**

**A.** I think that historically Europe has had a greater need than the United States to seek foreign markets and that, consequently, European bankers and businessmen in the past have been more aggressive in this regard. Consequently, European firms in the past have pursued more liberal credit policies on exports and they have also moved boldly to develop their markets in Latin America by manufacturing programs in those countries where foreign exchange shortages have reduced imports of manufactured goods.

However, I believe that American bankers and businessmen today are becoming much more foreign development minded than in the past. As a result of World War II, our international position has changed and we are much more familiar with the outside world. Foreign trade and investment has also become more important to our national economy and increasing numbers of young Americans are willing to live abroad.

Today I would say that American bankers and business-

men are just as alert as the Europeans, and I believe that the kind of healthy competition that will result will be of great benefit to Argentina and the rest of the countries of Latin America. However, it is a fact that European governments give much greater assistance to their bankers and businessmen than our own government does in extending favorable credit terms to purchasing nations, and the competitive disadvantage which this creates for United States industry and investors requires careful study by our government.

**Q. Recently, a Buenos Aires judge declared that the Communist Party could not participate in the coming national elections when convoked next year; how serious do you consider the Communist threat in Argentina?**

**A.** Each country handles this type of problem as it sees fit. We have heard about Communist efforts to infiltrate not only in Argentina, but throughout the Western Hemisphere and our own company has been subjected to attacks by the Communist Party in Córdoba and elsewhere in Argentina.

But the Argentine people now enjoy a standard of living and a degree of individual liberty and freedom which they realize would be lost under a Communist regime. I, therefore believe that the Communist threat in Argentina







will not prove to be of great magnitude although, as everywhere, it must always be watched.

The best safeguards against Communism, of course, are the continued efforts being made to improve the Argentine standard of living and to safeguard individual freedom.

**Q.** What is your opinion as to the outlook for 1957 in Latin America and for Argentina and Industrias Kaiser Argentina in particular?

**A.** Since I am an enthusiast about Latin America, this is an easy question for me to answer. I think the year 1957 will be the biggest ever in Latin America. Productivity is increasing throughout the area as well as gross income and living standards.

In my opinion, the big danger is that internal credit facilities in Latin America will not keep pace with the expansion of local manufacturing which all Latin American governments desire, with the result that the new manufacturing enterprises in these countries may fail to achieve the high levels of production necessary to obtain the economies of mass production.

While Latin American governments must be on constant guard against the danger of inflation, they must recognize that the increased national production they all desire requires increased internal credit, and that the resulting increase in credit is not inflationary in character because it is accompanied by a corresponding increase in real production.

Latin America cannot industrialize every segment of its economy at the same time and with the same speed, and it is always necessary to channel the expansion of local manufacturing activities into the more urgent economic areas. But once the high priority projects have been selected and approved, adequate internal credit must be provided for each manufacturing project and for the customers who buy its products.

Anyone who considers the actual and potential resources of the hemisphere, and the rate of growth that has already been achieved, cannot fail to have confidence in the future. If Argentina can provide sufficient internal credit for its manufacturing and agricultural activities, and at the same time avoid inflation, 1957 should be a better year than 1956.

# ARGENTINA'S CONVALESCENCE

*After 15 months under the ministrations of a provisional government, the Republic on the Plata finds the wounds left by 12 years of Perónism deep and painfully slow in healing. . . .*

One year to the day after General Pedro Eugenio Aramburu took over the reins of the provisional government from the late General Eduardo Lonardi, some 20,000 freedom loving Argentines gathered in Plaza de Mayo before the Casa Rosada, Government House, to split the air with shouts of "Viva la revolución!" "Viva la democracia!" "Viva el general" and every other "viva" they could think of.

The general, however, apparently saw nothing to shout about. He did not join the celebration; nor did he appear on the balcony overlooking the crowd to utter a prepared, flowery speech in the traditional manner. General Aramburu had good reason not to appear overjoyed. A harder and more thankless task than his—resuscitating Argentina after the devastations of Perón's 12-year reign—would be difficult to find. If Aramburu spared himself a moment to look up from his 15-hour-a-day job, it possibly might have been to reflect wistfully how relieving it would be if the situation could be reversed: he down in the plaza shouting the "vivas" while any of the crowd sat at his desk bowed by a mountain of seemingly insoluble problems.

For Aramburu there have been some rewards in his monumental assignment. But unhappily there have been many bitter disappointments and, above all, the nagging uncertainty about the chosen means to attain his government's goal; a persistent doubt of whether the big stick of arbitrary rule would not be more effective than democracy's limiting authority in bringing order to Argentina's turmoiled household.

If the truth be regarded in its unvarnished unpleasantness, there seems to be little doubt that General Aramburu and his provisional government

are finding democracy and total freedom a handicap rather than a help in fulfilling their aims. It is as if after 12 years of wearing Perón's muzzle, every Argentine, from the lowliest dock worker to the presidential aspirant, has his own ideas about what should be done and how. What is worse, dozens of political, social and labor factions are vociferously expressing these ideas while rejecting outright those of anyone else. The result is bedlam. Even the government's staunchest supporters are beginning to think that a little more "dictatorship" and a little less freedom would straighten out the current labor and political unrest with decisive promptness.

The situation is much more complex, unfortunately, than can be resolved through a decision to apply a few strong-handed measures. A hit in one field may backfire into a crucial miss in another. Although it has hampered operations at home, reborn freedom and democracy in Argentina have worked wonders abroad for the country. By scrapping the multiple bilateral trade agreements made by Perón, consolidating the enormous inherited national debts, relaxing the trammels of trade and exchange control and freeing the peso, Aramburu has restored confidence abroad in his country to a great extent. A revision of the pertinent legislation is expected to attract—indeed already has—foreign capital investment, although not yet in the desired amounts. Investors are now sure that the country will not default on the terms of their agreement.

Confidence in a growing stability is reflected in the mounting figure of foreign investments and loans which have flown into the country since the fall of Perón. Some \$50 million in foreign capital has been invested al-



Overlooking broad Plaza de Mayo is Casa Rosada, where Perón was sworn in.

ready or is in the negotiating stage. This figure far overshadows the \$12.5 million invested in Argentina during the entire 12 years of Perón's reign. Several foreign governments and banking concerns have shown a renewed interest in making funds available to Argentina. The most significant loan in recent months was the \$100 million made available by the United States' Export-Import Bank. Other offers by American and European banking houses are now being negotiated.

Noteworthy example of how United States private capital can fit into Argentina's post-Perón economic pattern is presented by Kaiser Industries' new auto and truck plant near Córdoba. Conceived by Henry Kaiser during his trip to Buenos Aires in 1954, *Industrias Kaiser Argentinas* (subsidiary of Willys Motors, Inc.) became a reality in January, 1955 as an Argentine corporation capitalized at \$40 million.

An investment of \$9 million plus equipment and machinery gives the parent organization a 35 percent equity in IKA. Nineteen percent is held by the Argentine government and the remaining shares represent public holdings. The new enterprise had such



Rosada, where President Aramburu and countless predecessors have forged the destiny of Argentina

a vote of confidence from its very beginning that the public offering was oversubscribed within the first afternoon's trading in the Buenos Aires stock market.

Now in operation, the 800,000-square-foot plant—built in an astonishingly brief 13 months—is turning out jeeps and  $\frac{3}{4}$ -ton pickup trucks at the rate of 750 a month. Station wagon production is scheduled for this year and passenger cars for 1958. Full production expectation is for 400,000 units annually at that time.

To Argentina, Kaiser's establishment represents an added tributary to the nation's sluggish economic mainstream. At present it employs 1500 Argentines, will double that number when full production is reached. The current product is made up 50 percent from Argentine materials. This percentage probably will be increased to 65 or 75 this year and eventually the Kaiser products will be manufactured completely from domestic materials. Not the least important is that the industry supplies a vitally needed product to reconstruct other Perón-decayed industries while at the same time representing a savings in Argenti-

tina's foreign exchange spending budget.

All undertakings on the domestic front, however, have not been as encouraging as the flowering of Kaiser. Playing strictly by the rules is not getting Aramburu and his arduous program anywhere in much of a hurry. On the contrary, it is destroying national unity and magnifying incidental issues beyond proportion, much to the detriment of the country's recovery.

**FREEDOM ABUSED.** Unheeded have gone appeals to politicians to cease their bickerings and internecine struggles. They have ignored pleas to work for national unity instead of devoting their entire efforts to lifting themselves or their respective parties. Workers and labor groups are equally unresponsive. Instead of cooperating to raise production from the 40 percent below par level plumbed under Perón, they have made demands for exorbitant wage increases, have walked out in crippling strikes. Thus they have abetted the very inflation they—and the entire nation—is trying to control.

In the meantime, opportunists and troublemakers—mostly remnants of

the Perónist party—are strutting independence and freedom with a truculence they dared not display when the dictator cracked the whip. They have been able to exert influence on numerous trade unions to go all out for higher wages at precisely a time when the brakes should be applied. Under Perón the unions with the lowest bow and the sweetest words got the juiciest concessions. Those which did not pander as obsequiously as the "loyal" ones were not as favored by the dictator's generosity. As a result, great inequalities in wage scales came into existence.

The Aramburu government is attempting to correct this situation now, but as fast as the lower brackets are given a wage hike the ones above begin to clamor for equivalent increases. The vicious circle is thus perpetuated.

Some observers think, not without reason, that the government should put its foot down firmly on this "wage warfare." This could be done through the government's labor arbitration boards before which worker-management disputes more often than not are aired. In such frequent cases the arbiters could rule "no increase" or "so much" according to a prepared plan for stabilizing the national wage level. But there is one unfortunate catch. To enforce its decisions the government would in all likelihood have to declare a state of national emergency.

Such strong-armed measures are distasteful to the cautious Aramburu. He dislikes the solution because implementing it would mean a restriction of freedom, a backward step towards the undemocratic, arbitrary methods which Argentina is trying to forget. There is also a practical objection. Politicians and others would inevitably vent an outcry strident enough to stir the agitators at home and renew distrust abroad. Added to this, a declared national emergency with its restrictions and consequences would besmirk the nation's pre-election freedom. The government currently is in the process of compiling Argentina's first accurate electoral rolls in preparation for the general election promised for October of this year.

What direction the government will finally take to relieve its labor headaches is still uncertain. But broad hints have been dropped by government officials that the president's seemingly inexhaustible patience is running out. Late in November, when striking printers left the nation, including Buenos Aires, newspaperless and a quarter of a million metal workers walked off their jobs for "an indefinite period" as part of a demand for 100 percent or more wage increases, Provisional President Aramburu took to



the airwaves. In measured and unequivocal terms, he spoke to the people of his confused country . . . "to avoid any misunderstandings, the Revolution makes one more appeal to the good will and common sense of the workers, the labor leaders and the employers. The solution of labor problems should be effected through the democratic negotiation of all parties. We remain firm in this stand because we have faith in the inherent desire for justice of our compatriots."

To insure that everyone knew, however, that the authorities would not remain forever aloof to labor conflicts, Aramburu made dramatically clear a critical aspect of his government's attitude. Said Aramburu:

" . . . the life of the labor movement has been disturbed by elements which are alien to the real labor movement. If the government declares a strike is illegal, it does so because it considers that demands have been made which are out of line. Maintaining [such] a strike disturbs social peace and brings forth consequences for which each worker is individually responsible. In the face of such a situation and in the defense of the men of good will—who are in the majority in this case—we will invoke all measures dictated by circumstances, regardless of how vigorous these measures may have to be. I repeat, *we will invoke all measures which are necessary, regardless of how vigorous they may be, to guarantee freedom in every sphere.*"

Presumably the significance of Aramburu's words was not wasted on anybody. Many observers feel that the president has overcome his compunctions about resorting to forceful methods—including temporary revocation of democratic guarantees—if it means

preventing the country from bursting into chaotic anarchy. A sample of that attitude was given the very day Aramburu made his speech. The Interior Ministry announced that it would protect the "freedom to work" of all laborers with police personnel and even troops. The official communique warned that all persons taking part in picket lines, inciting to strike and attempting to prevent the passage of those voluntarily coming to work would be arrested.

**POLITICAL FREE-FOR-ALL.** Argentina's labor forces by no means are the only ones which are traveling a devious path. The country's politicians have so far shown no signs of achieving either unity of opinion or, more important, sufficient sense of responsibility to govern the country successfully and guide it through the several critical years still ahead.

Vying for the opportunity to test its standard bearers and theories in such a challenging crucible are the country's ten political parties. Heading the seemingly slap-happy parade is the strong, but internally ruptured, Radical Party. Its two main factions are headed by two former running mates (for president and vice president in 1951 election), Arturo Frondizi and Ricardo Balbin. Frondizi's nomination in mid-November by the leftist wing of the party raised an internal ruckus and threatened to consolidate the remaining factions of the party into a solid anti-Frondizi front. Frondizi, an outspoken nationalist and protectionist, is feared for his alleged tendencies toward creating a new dictatorship in Argentina.

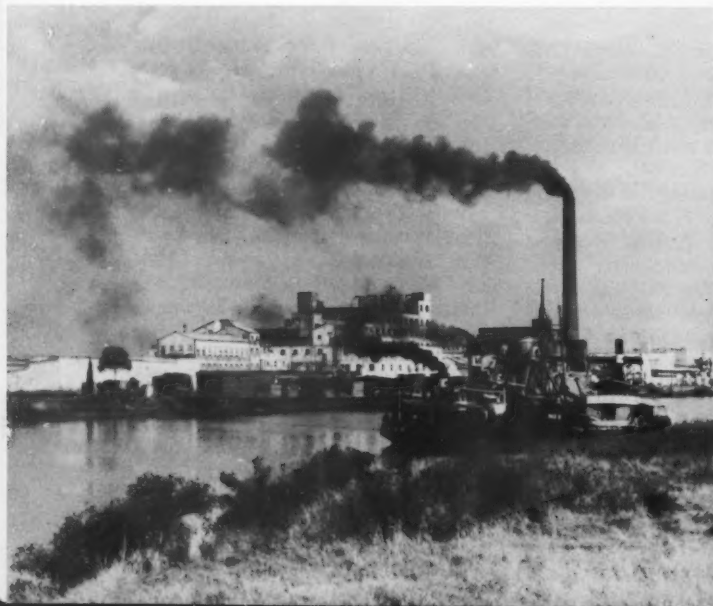
Two other larger parties are the *Socialista* and the *Laborista*. The Socialists have lost considerable ground of

late and are not considered strong enough to compete with the Radicals. The Labor Party, which was just granted the right to participate in the forthcoming elections, is headed by Cipriano Reyes, a one-time supporter of Perón. Four other parties label themselves "democrat": plain Democratic, Conservative (both right wing); Christian (right-center), and Progressive (left-center). Then there is a reputedly fascistic organization called the Union Federal, and several lesser political groupings.

The Communist Party, still legal in Argentina and with a hard-core membership estimated somewhere around 50,000, could probably pull in upward of 100,000 votes in an election. However, in the recent government crackdown on communism—which included numerous arrests of top communist figures and other restrictive measures—the party was banned from participating in the announced elections.

Aramburu's promised election has been another subject for heated argument. Big question is whether the elections actually will be held, or, more significant, whether they should even be called during such an unsettled period. Many politicians, including the aggressive Frondizi, have demonstrated through their utterances and actions that the sooner elections are held the better. Their public argument centers around the premise that a military government—such as now is in power—should not be allowed to continue a moment longer than necessary. But opponents of this view maintain that partisans of the quick election, particularly Frondizi again, fear that a long wait will cut into their chances of success at the polls. For this reason as

*A plant and workers—essential cogs in Argentina's giant meatpacking industry*



*Lij*

well, Frondizi and others oppose a scheduled Constituent Assembly to reform and update the 1853 Constitution.

Opposition to the 1957 election, on the other hand, is also strongly voiced in other quarters. Defenders of this position hold that the period between Perón's fall to the scheduled election date is too short. Their view is that the country still is not sufficiently stabilized to withstand the rigors of an election, and to be administered by a democratically elected regime restrained by constitutional limitations. With continual upheavals in the political, social and economic arenas, this wait-a-while group finds daily justification for their original viewpoint.

Despite these pressures, the provisional government has reassured the nation that the Constituent Assembly and the subsequent election is part of the "irrevocable will of the government." Aramburu himself told a rally recently in Tucumán that election for the Assembly would be held as soon as the electoral census now underway is completed. Another high government official, Arturo Ossorio Arana, Army Minister, reaffirmed to a nation-wide radio audience the "unchanged will of the government to keep its word and to hold national, provincial and municipal elections during the last three months of 1957."

With all this going on in the political world, there is some danger that sight be lost of immediate national needs and welfare. This is a very dangerous development and a point which many feel the government has failed to emphasize sufficiently. The National Recovery Plan, for example, has been widely publicized but has so far failed to arouse much enthusiasm,

partially because it calls for considerable belt-tightening, a form of self-sacrifice little cherished by the Argentine.

**PLAN FOR RECOVERY.** This plan recommends that industrial and agricultural output be increased by 10 percent in a year with a further 20 percent boost to follow over the next two or three years. Freeing the Argentine peso has inevitably led to a rise in the cost of living which, according to the plan, would be compensated by justifiable wage increases. These would be absorbed by profits from increased production which in turn would be maintained by greater sales.

Agricultural and livestock exports are to be expanded (this phase of the plan is being successful so far) and other exports stimulated by the free exchange rate. Foreign exchange so earned would progressively ease the shortened raw material situation and permit imports of capital goods.

The cost of urgent capital equipment needs over the next three years is estimated at \$1.2 billion. Adding \$800 million for existing immediate and short-term obligations shoots up the total to a staggering \$2 billion which has to be found to level off the economic needs of the country. At the current rate of export of a little over \$1 billion annually, foreign borrowing cannot be avoided if the standard of living is to be maintained relatively unaffected. The plan makes it clear that foreign loans must be supplemented by private foreign investment and the return of substantial expatriated Argentine capital.

A basic part of the plan calls for an essential physical re-equipping of the country's industrial plant, tragically wasted by the effects of World War II

and the Perón regime. A tentative estimate of the most pressing requirements calls for:

- ▶ \$200 million for gas and oil pipeline materials.
- ▶ \$90 million for ordinary petroleum investment.
- ▶ \$300 million for transport equipment.
- ▶ \$60 million for electric power equipment.
- ▶ \$150 million for iron and steel production equipment.
- ▶ \$400 million for re-equipping various industrial and agricultural enterprises.

The seriousness of the situation can be observed by the items listed and the fact that there are practically no domestic financial resources available for remedying the shortages. Some of the needs have been met through foreign loans, but much remains to be financed by the country's normal exchange earnings.

How much in foreign loans can Argentina realistically expect and how far will these stretch?

The answer to this one is veiled in a tangle of complexities which defy penetration. But one aspect of it is quite evident—Argentina's nationalistic attitude towards foreign capital. Judging by all present indications, the provisional government has no intention of backing down from the country's decades-old "no foreign capital in basic industries" philosophy. On the contrary, the revolutionary Lonardi-Aramburu governments have made a marked effort towards patching up some chinks which appeared in the policy during the last days of Perón. Specifically there is the case of Argentina's oil. Here nationalistic feeling has taken on near-chauvinistic

*Lifeblood of the nation's economy are exports, from hides . . .*

*to tons of grain, efficiently disgorged by modern elevators in the port of Buenos Aires*



proportions and resulted in an unhealthy stunting of an essential industry.

**PATRIOTISM & OIL.** Petroleum accounts roughly for 65 percent of Argentina's motive power. Sixty percent of that must be imported at an annual drain on foreign exchange of some \$220 million, or nearly a fourth of the country's entire earnings. Daily production from some 4500 wells is about 84,000 barrels, of which 85 percent is tapped by the state-owned Yacimientos Petrolíferos Fiscales (YPF). This government agency holds 95 percent of the officially claimed reserves of 100 million tons. Four private companies, two domestic and two foreign, operate on a limited scale on concessions amounting to a mere 400 square miles granted over 30 years ago. Diadema Argentina, S.A. de Petroleo is a Royal Dutch Shell subsidiary and Esso Producción de Petroleo S. A. is a Standard Oil of

New Jersey subsidiary.

The Perón government, finally accepting that the government monopoly was incapable of boosting production to meet domestic demand, undertook negotiations during 1954-55 with these two foreign companies and with Standard Oil of California. In April 1955 a contact was finally agreed with SoCal which gave the United States company a 40-year concession over a 19,000 square mile plot in Santa Cruz province in the territory's extreme southwest. The agreement also called for SoCal to spend a minimum of \$13 million in Argentina, splitting profits with the government on a 50-50 basis and restricting exports until domestic demand was satisfied. But opponents of the arrangement objected to SoCal's right to build its own roads, air strips, communications and terminal facilities. Here, they said, was a loophole whereby the United States could eventually establish military bases on Argentine territory, thus endangering nation sovereignty.

As the battle for approval of the contract raged in Congress, Perón was toppled and with him all hopes for the granting of the first petroleum concessions since 1934.

The wave of nationalistic feeling which brought about the total repudiation of the SoCal pact induced the provisional government economic and oil experts to devise a substitute plan. Late last summer President Aramburu announced an ambitious program to revamp the nation's oil industry, a plan based in part on the recommendations of Dr. Raul Prebisch, executive secretary of the UN Commission for Latin America. Outstanding features of the new program:

▶ YPF becomes an "autonomous" agency, although still within the government framework, free to proceed independently on its exploration and development plans.

▶ Expenditures of \$250 million in foreign capital goods plus 4.5 billion pesos (approximately \$13.6 million) to step up drilling, expand and modernize existing refineries and field-processing plants, and to build pipelines to deliver crude oil and gas to refineries and areas of consumption.

Offers to provide machinery, drilling equipment and the necessary technicians to carry out this vast project have been received from suppliers and agencies of the petroleum industry in the United States, Britain, France, Germany, Japan and some Soviet bloc countries. Most of these bids, however, failed to meet a basic specification called for by YPF: payment terms extending over five-year periods. For this reason and the long-familiar obstacle—lack of capital—acceptance of any of these bids has bogged down.

Apparently the Argentine government was overly optimistic in counting on large loans from the United States for its petroleum plans. Eugene Black, president of the World Bank, has made it quite clear that dollar aid will not be made available for Argentina's petroleum industry development as long as it remains under state control. It has become equally evident that United States private concerns are not interested either under those conditions.

Consequently there are indications that President Aramburu and his government may have to modify Argentina's original blueprint into a less nationalistic pattern if it is to obtain the



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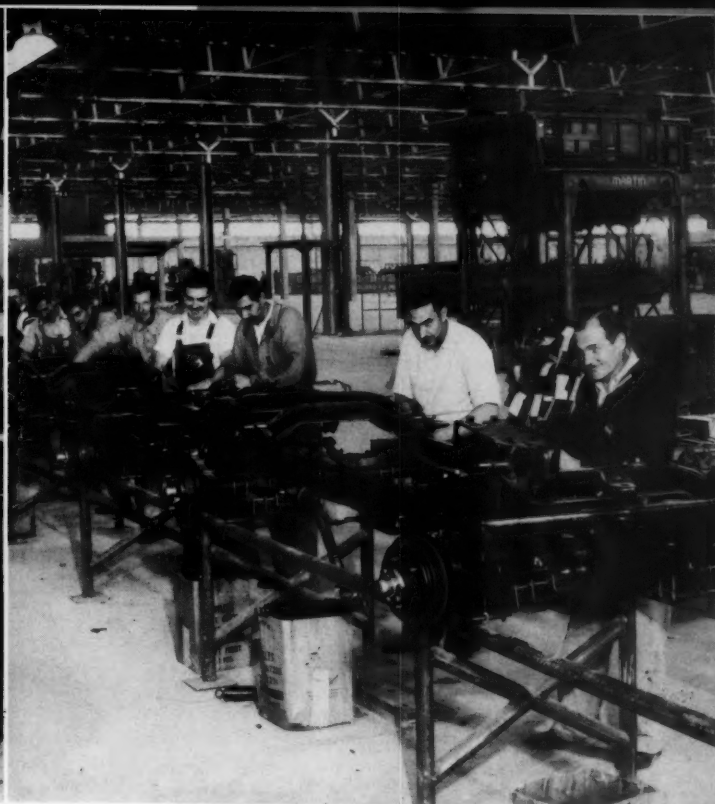
**LATIN AMERICAN REPORT**

International Trade Mart,  
New Orleans 12, La.

*On an impressive plaza, the National Congress*







*New vehicles to help rebuild a wobbly transportation system come from Córdoba's Kaiser plant, built with U. S. and Argentine capital*

indispensable foreign financial support. To date YPF has insisted it will not consider "offers which foresee any form of concession, repayment in oil or any other system of retribution other than normal amortization of loans received in currency, machinery, equipment, work or services."

**TIME FOR A CHANGE?** A growing number of business and oil men are beginning to think that concentration of so much responsibility along such nationalistic lines in a state monopoly may be a mistake. These men now are inclined to favor a less exclusive, broader approach to the problem. They indicate that it might be sounder to allow the already established private firms to expand their operation, explore for petroleum deposits in those areas not already earmarked for YPF exploration and exploitation. If such a notion gained acceptance and active support among influential circles in business and government, it could lead to a radical—and no doubt profitable—change in Argentina's basic-industries operations.

Whether the military provisional government of Aramburu is in a position at the moment to make changes of this consequence certainly is open to conjecture. External symptoms indicate that the government has its hands full now keeping the country on an even keel while still maintaining its democratic political posture. Backbone of the provisional regime are the

armed forces, which by "their unity and impartiality," according to Aramburu, "constitute the strongest guarantee for fulfilling the postulates of the Revolution."

How united and impartial the armed forces really are has become a matter of grave concern in past weeks to many a responsible Argentine. Despite repeated denials from official government spokesmen, an obvious upheaval has taken place at the core of the governing military organ. The arrest of two generals, José Uranga and Leon Justo Bengoa, continuous tormentors of the Aramburu regime, and major shifts in over a dozen command posts in the Army hierarchy within a week sent a note of alarm through the country. Even as these things transpired, Aramburu announced that there was complete harmony within the armed forces. He ascribed the changes to "a process of evolution through which the nation is now passing. . . ."

But Aramburu has made it clear that the provisional government will stand for no nonsense, either from insurrectionists in the military or from rabble rousing civilians. Recently he stated: "It is not easy to understand, but it is true that after the many shameful years we have endured persons still remain in responsible positions who have failed to learn any lessons. Regardless of who these persons are, and regardless of the positions they hold

or the professions they follow, they continue to turn their backs on the interests of our collective society. They are sacrificing the present for a future which can serve their interests exclusively. These important figures . . . are adept in the art of confusing the people. This is an attempt by them to create an atmosphere which favors their purposes. The intensive campaign to divide the armed forces is nothing new . . . no one should forget that these attempts—as we have often reiterated—are doomed to the most abject failure."

Veiled but nonetheless firm have been Aramburu's statements. Although the unrest, the dissention and the conflicts make the alarming headlines, the "ungeneral-like" but cautiously determined reign of Pedro Aramburu and his followers has built up a considerable reservoir of respect and popularity among the populace for this unpretentious army officer. The irresponsibles and agitators may scream their unreasonable demands full-throatedly, but even they must realize that the government's tolerance has its limitation, that there is fair warning in Aramburu's words . . . "it will not be fatigue nor maneuvers of confusion which will make us abandon our objectives. We will go ahead, even if men are left by the wayside. The nation is at stake, not individuals. We are at the service of an ideal which cannot be given up."

# PACK-HORSE OF THE



*Head high, ears pointed, the llama bears his burden with regal poise*

When visitors arrive at La Paz' sky-high airport in Bolivia they are often met by a silent but nonetheless very evident native with an aristocratically long neck, a sophisticated droop to the eyelid, a rich woolly coat and a commanding regal bearing.

This distinguished sounding individual is a llama, valuable and respected resident of the central Andes.

To the large Indian population of Bolivia and Peru the llama is a pet, a companion, a provider. The serene animal is glorified as the subject of gold and silver jewelry and as ornamentation on pottery and textiles. Peru has issued coins and postage stamps exalting the llama and a symbolic replica of the animal appears in the country's coat of arms. A fine bronze statue of a llama decorates one of Lima's principal avenues, Paseo de la República. Like the eagle in the United States, the llama has its enthusiastic eulogizers in Peru and Bolivia.

Not without reason has the llama been so cherished in these countries. His part in their social and economic development, receding into an uncharted past, is immeasurable. In life—and even in death—the llama's use-

fulness is practically without waste and at almost no expense to its owner. As a beast of burden the llama can travel in a day between 15 and 20 miles with a load up to 130 pounds over forbidding wind-swept ridges. His woven wool insulates his Indian master against the Andean cold. His meat, although coarse, is a staple dish for the Indian, who also shods himself in sandals made from the llama's hide.

With the animal's long hair the Indian braids a soft rope and with its tallow he makes candles. Even the llama's droppings, dried, becomes the facetiously called *carbón peruano*, a useful and effective fuel. All these services involve almost no cost to the owner. Llamas survive on the ever-green grasses normally found in his highlands habitat; all that is necessary is that he be allowed to graze at proper intervals. Even the expense of a pack saddle is spared the owner of this versatile beast, for its back is well protected from cargo by a heavy mat of woolly hair.

Only male llamas over 3½ years old are used as pack animals. The females are used primarily for breeding and for their furs. Indians tell the age of their four-legged charges not by

their teeth but by the droop of the nether lip; the longer the droop the older the beast.

Regardless of age or circumstances, the llama has his working conditions—conditions which he imposes with no-nonsense finality. Through some careful application of common horse sense, each llama knows the maximum load he can carry comfortably. If overloaded, sometimes by as little as a pound or less, he judiciously folds his front legs under him and goes on a lie-down strike. This effective technique is also employed when the animal feels he is too tired. No amount of prodding or cajoling on the shepherd's part can mobilize the beast. Goaded beyond its patience, the llama spits. Its projectile is a half-chewed cud fired with pitiless accuracy at considerable range.

Seldom is the llama moved to punish its keeper in this unique fashion. The Indian treats his animals with kindness and consideration. He pets him fondly when loading its back, murmurs softly to him and urges him onward with a gentle, low whistle which the animal understands and obeys diligently. It is said that a white man has never herded a flock of llamas. True or not, it is obvious that the Indian has a special way with this beast, an understanding which is genuinely affectionate.

This affection in part results from a life-long relationship with llamas. From infancy, the growing Indian sees, hears and learns about the animal. In all likelihood his pet will be a warm, playful baby llama. And when the child is a little older, he will watch the flocks in the fields and help herd them into the corral at night.

**RELATIVES, TOO.** Home to these Indians, the Quichua and Aymará tribes, and a large portion of their animal companions, is the lofty and cold *puna* or *altiplano* (high plateau) along the border of Peru and Bolivia. In this region, marked by such sites as Lake Titicaca, snow-capped Misti and the ancient Inca cities of Cuzco and Puno, some 250,000 llamas work, graze and live at altitudes of 7,500 feet or more.

# Andes

But these chilled and silent steppes are not the exclusive domain of the llama. He shares it with three kinsmen, all members of the cameloid species: the woolly alpaca, the deer-like guanaco and the delicate vicuña. The cameloid population in Peru is estimated at about four million.

Of the quartet, the llama is the largest. He stands about four feet high at the shoulder, has comparatively short and coarse hair, pointed ears and an ever-alert expression. The alpaca, smaller but covered with a thick coat of wool finer than the llama's, looks something like an unhappy cross between a sheepdog and a bear. Because of its heavy bundling, the alpaca, seldom seen at levels below 12,000 feet, doesn't share its larger cousin's stately appearance. In Peru and Bolivia enormous herds of Alpaca are raised commercially for their wool, used in the manufacturing of

winter garments and rugs. During World War II millions of pounds of alpaca wools went into making warm linings for flyers' jackets. Today alpaca fiber is generally combined with other fibers to make a variety of clothing. Both llamas and alpacas, the two domesticated members of the cameloid group, range in color from white to brown to black with any number of combinations in between.

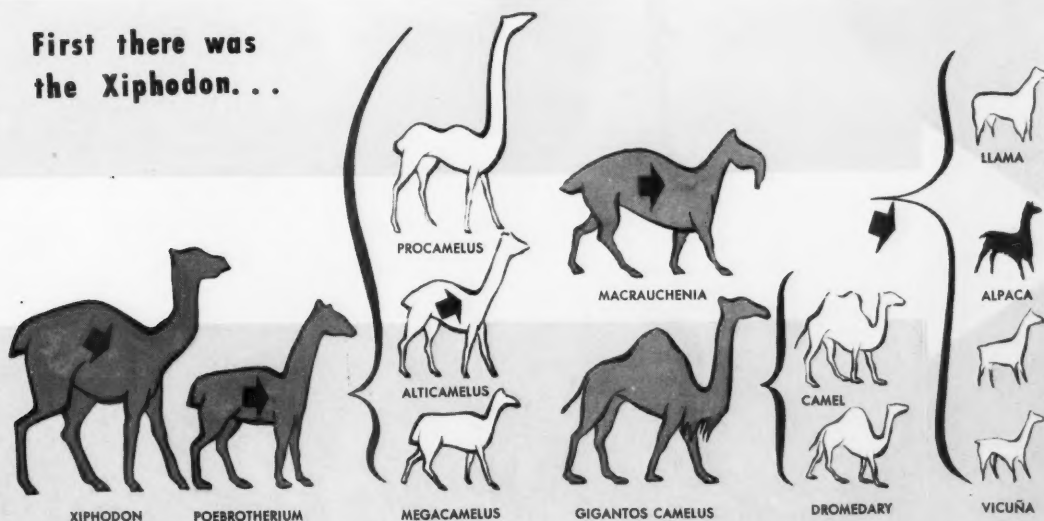
Wildest of the four is the lithe vicuña, fleet, shy and gifted with a rich, silken fleece. Unfortunately, the vicuña's incomparable coating has almost caused its extinction at the hands of covetous men. Where once roamed herds adding up to hundreds of thousands of animals, today they may number no more than 50,000-75,000. And this reduced population survives thanks in large measure to legislation passed by the Peruvian government in 1940 forbidding the killing of the ani-

mal. Like the chinchilla among rodents, the vicuña's pelt is king among woolens. Fine garments for men and women woven from vicuña hair, compared to which human hair is coarse, draw handsome prices in smart shops from Fifth Avenue to the Rue de la Paix.

The black sheep of the cameloid family is the guanaco. It has no particular gift or talent and wanders, nomadic and untamed, from the highlands of middle Peru to the plains of Patagonia in herds of a hundred animals or more. The guanaco has been described as having "the head of a camel, body of a deer, wool of a sheep and neigh of a horse." It is the one member of its generally silent species known to use its voice regularly. Some zoologists have classified the guanaco as the ancestral specimen from which developed the other three types.

**HOME WAS UP NORTH.** On this question there seems to be some variance of opinion. But agreement appears unanimous when it comes to pinning the common ancestry of the entire group—plus that of the Asian and African camel—on a prehistoric critter dubbed *Poebrotherium* who walked the hills and fields of what is now Utah, Kansas, Oklahoma and New Mexico about 40 million years ago. By the end of what is called the Pleistocene Epoch, a bare million years ago, something had happened to the *Poebrotherium* clan. There was some sort of misunderstanding be-

First there was  
the *Xiphodon*...





tween two factions of the group and a subsequent parting of the ways.

As millennium chased millennium, part of the troop worked its way southward, eventually to settle along the Andean ridges and plateaus of central South America. The other segment pushed northward and to the west, migrating and evolving until today we have the common camel and dromedary—distant but undeniable relatives of the llama and alpaca. Among many characteristics they have in common: two-toed padded feet and complex, multi-stomach digestive systems.

When man, in the form of the Inca, arrived on this evolutionary scene, the llama and all his woolly relatives had long been around patiently waiting for him. When the Spaniards arrived on the American scene, the Incas had domesticated and been using llamas and alpacas for 2000 years.

There are historians who have speculated, and with valid reasons, that very possibly the Inca Empire may not have survived without the llama

and his hairy cousins. At any rate, it very likely would not have existed at such frigid altitudes without the llama's and alpaca's warm wool, meat and excrement-fuel. The Incas themselves—ancestors of the present Quichuas and Aymarás—showed every evidence of realizing this important fact. They looked on the llama and alpaca as divine gifts. They had protective legislation and set up a complex system of classifying and managing the herds, which constituted the empire's prime source of national wealth. Royalty held exclusive ownership over the flocks of domesticated llamas and alpacas. Even the overseers of the herds were important persons, often of royal blood themselves.

The supreme sacrifice offered to an Inca god was a pure-white or pure-black llama. But the sacrificed victim was always a male animal. Then as now, the females were carefully preserved for the task of reproducing. The smaller vicuña was also highly valued, his fleece being reserved for the exclusive use of royalty.

Legend has it that the Incas sub-

mitted so passively to the conquest-bent Spanish because they arrived riding horses which the Incas mistook for giant llamas. Consequently their riders must be, thought the naïve Indians, demigods. But the Spaniards were equally mistaken about the llamas, which they called "Peruvian sheep." Conquistador Francisco Pizarro was so taken by the animals that he carried one back to Spain for his sovereign, Charles V.

The value of the llama as a bearer was not long lost on the avaricious Spaniards. Soon after their arrival in Peru, they had exchanged the traditional llama cargoes of foodstuffs, textiles and similar products for the glittering treasures clawed from the mountains and wrested from the Indians. During this period of the colony, trains of hundreds of llamas padded their way down the steep mountain passes to the waiting galleons on the coast. This function of the faithful Andean beast of burden has continued even into the 20th century, when the animals' services became indispensable in removing mod-

*From the cradle to the grave, the llama is the faithful . . .*





... trusted companion of the Indians of Bolivia and Peru

ern minerals from the remote mines of Peru and Bolivia.

To avail themselves of the meat and furs of the llama and alpaca, the Spaniards simply resorted to wholesale slaughter. Within years the enormous and cherished flocks were nearly decimated. After independence came to Peru and Bolivia in the 19th century, measures were taken to prevent total extinction of the valuable animals. Even the busy liberator, Simón Bolívar, personally endorsed legislation designed to maintain and increase this great natural wealth.

**JEEP-MOUNTED HUNTERS.** Today there are large ranches in Peru where alpacas are raised in quantity for commercial use. Through programs of the Peruvian government, alpacas and vicuñas have been cross bred with the intention of producing an animal with wool of vicuña quality in alpaca quantity. The experiment has been only partially successful because of difficulty in mating the two animals. The offspring of this match, called a paco-vicuña, is larger than the vicuña parent and even shyer, to the point of breaking captivity to join flocks of wild vicuñas.

In their wild state, these delicate creatures travel in flocks of 10 or 12 consisting of a single male and his harem of females and their young. Possibly because of man's continual persecution, they have sought refuge in the tallest pinnacles of the Andes, as high as 15,000 and 16,000 feet. When on the move, the male vicuña always keeps ahead, surveying the terrain from the best vantage point. At the sign of danger, the tawny-colored,

white-bibbed male releases a shrill whistle which sends his flock into a swift but sure-footed retreat.

Despite these natural precautions and the protection of the law which imposes severe penalties for the kill-

ing of vicuña, many still fall victims before the gleeful attack of the hunter. A favorite strategy of the sportsman is to surprise the little animal grazing on one of the lower plateaus, then to "run" him in a jeep. Often the attack weapon is not a rifle, but a set of *bolos* which in gaucho fashion serve to entangle the fleeing animal's feet. An advantage of this system is that there is no firearm report for an enforcement officer to hear, a feature particularly attractive to those who are not after vicuña for the sport of the hunt. Smugglers have made and continue to make for themselves handsome fortunes through illegal shipments of vicuña felts.

But farsighted ranchers and businessmen in Peru and Bolivia foresee a day when smuggling will be an insignificant dribble next to the flood of exports from a thriving livestock industry. It will not be an industry successful because of "Shorthorns" or "Corriedale," but because of the scientific breeding and raising of the direct descendants of that North American, *Poebrotherium*, from Utah and Nebraska.



**But through time and travel...**



# Around the Hemisphere

**COLOR SCHEME.** Mexico City's cabbies, long plagued with thefts and confused by the city's erratic signal lights, now have been dealt a crowning blow by the authorities: all taxicabs must be painted yellow. Bad enough that the change will cost them some 1500 pesos, wail the cabmen, but it's such a distasteful orangish shade of yellow the city has prescribed. Moaned one cabbie, "It puts me to shame."

**CARRIER, CARRIER.** Not to be outdone by its neighbor Brazil, Argentina has announced that it too is planning to add an aircraft carrier to its fleet. Although Brazil already has agreed to purchase Britain's 13,000-ton carrier Vengeance, Argentina is busily haggling with the United States and Britain to decide where it can pick up a good, used carrier---cheap. If not the first Latin American nation to plow the seas with a floating airfield, Argentina is determined, by george, to be the second.

**WAGES OF LOVE.** Pablo Sanchez of Penado, Brazil, thought himself terribly devilish when he gave sweetheart No. 1 the slip to go canoeing with sweetheart No. 2. But sweetie No. 1, no slouch at slipping about herself, shadowed her errant suitor, nimbly swipped his canoe after he and No. 2 paused for a little dalliance on a deserted island. When the couple was rescued two days later, Pablo, although near starvation, was very angry. With a borrowed rifle he devoted a half hour to shooting up sweetheart No. 1's house. Less daring than she'd been a few days before, the young lady prudently joined her parents under the bed until the police arrived to escort lover Pablo away.

**BREAKING THE SIESTA BARRIER.** Vexed by the noonday lull inflicted by the traditional siesta, one San Salvador hotel has come up with a bold innovation to woo businessmen and other potential spenders: a midday floorshow---complete with orchestra and performers.

**CADILLAC LAW.** With baited breath Brazilians watched to see if President Juscelino Kubitschek let congressmen have their cut-rate vehicles. Under a rider to a trade bill passed by the Chamber of Deputies, but still subject to the president's signature, congressmen and federal judges may purchase cars abroad at the official exchange rate. Quickly banding in opposition to what they considered "feathering-your-own-garage" tactics of the deputies, a group of Rio lawyers screamed "unconstitutional," threatened legal action if the amendment became law.

**BUG COUNT.** In Guadalajara, Mexico, 10 companies selling bottled "purified" water were hauled into court. The charge: the water they sold had a higher bacteria count than that in the public water system.



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MAY 9 TO MAY 12  
HOST TO  
SOUTHEAST CHAPTER



# Guatemala

**LAND OF THE ANCIENT MAYAN GODS**

**FOR FURTHER INFORMATION:** Consult Guatemalan Consulate or write directly to  
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